PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 536 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
SIXTIETH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2010–2012

COMPRISING PERIOD
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THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 18 MAY 2010]

SIXTIETH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 536**

TWENTY-SEVENTH VOLUME OF SESSION 2010-2012

House of Commons

Monday 21 November 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

MESSAGES FROM THE QUEEN

THE VICE-CHAMBERLAIN OF THE HOUSEHOLD reported to the House, That the humble Address praying that Her Majesty should reappoint Maxwell Marshall Caller CBE to be the chairman of the Local Government Boundary Commission for England with effect from 1 January 2012 for the period ending on 31 December 2015 was presented to Her Majesty, who was graciously pleased to comply with the request.

THE VICE-CHAMBERLAIN OF THE HOUSEHOLD reported to the House, That the humble Address praying that Her Majesty should reappoint Maxwell Marshall Caller CBE to be an Electoral Commissioner with effect from 1 January 2012 for the period ending on 31 December 2015 was presented to Her Majesty, who was graciously pleased to comply with the request.

THE VICE-CHAMBERLAIN OF THE HOUSEHOLD reported to the House, That the humble Address praying that Her Majesty should appoint Anna Carragher to be an Electoral Commissioner with effect from 1 January 2012 for the period ending on 31 December 2015 was presented to Her Majesty, who was graciously pleased to comply with the request.

Oral Answers to Questions

EDUCATION

The Secretary of State was asked—

Learning Outside the Classroom

1. **Simon Hart** (Carmarthen West and South Pembrokeshire) (Con): What assessment he has made of the social and economic value to schools and pupils of learning outside the classroom. [81755]

The Parliamentary Under-Secretary of State for Education (Tim Loughton): The Government fully support learning outside the classroom, and whilst we have made no formal assessment, we recognise the important contribution it can make to engaging and supporting pupils in their education. We believe that schools should have the freedom, however, to use their professional judgment to determine how learning outside the classroom best meets the needs of their pupils.

Simon Hart: Will the Minister give an indication of whether his Department will look at allocating a percentage of the pupil premium for this particular area?

Tim Loughton: The whole point of the pupil premium is to give extra resources for schools that can be used exactly as they see fit for their own pupils. If a school wants to use a large or a small part of the pupil premium for that activity, that is entirely a matter for the head and the school.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): Learning outside the classroom includes encouraging healthy eating through breakfast clubs, but new research suggests that one in eight breakfast clubs closed this year and that half of those remaining are under threat. What would the Minister say to the chief executive of

Greggs, which funds breakfast clubs for 7,000 disadvantaged children across the country, who recently questioned the coalition's priorities and the fact that it is able to find £250 million to fund weekly bin collections but is unable to pledge support for the rising number of children coming into school hungry?

Tim Loughton: I was in Leeds recently, where I awarded on behalf of the Prime Minister a big society award to the founder of Magic Breakfast, which is a voluntary organisation providing breakfasts and doing some fantastic work—in that case, with a local bagel maker renowned in the city. It is providing fantastic breakfasts for the kids, and I was lucky to see this great job being done rather well. In other places like Liverpool, however, which is run by the Labour party, the decision has been taken to reduce some of the breakfast clubs. That is a matter for local authorities; other places are doing it well, and the hon. Lady should look at some of these innovative schemes rather than look to the Government to provide everything.

Pupil Premium (Harlow)

2. **Robert Halfon** (Harlow) (Con): How much he plans to allocate in funding for the pupil premium to (a) Harlow constituency and (b) England in 2011-12. [81756]

The Minister of State, Department for Education (Sarah Teather): We are planning to allocate £625 million to schools and local authorities in England in 2011-12. The allocation for the Harlow constituency is £1,012,112.

Robert Halfon: I thank my hon. Friend for that excellent news about how the pupil premium is helping the most vulnerable children in my constituency. Will she look at incentivising schools like Burnt Mill in Harlow that are using the pupil premium to focus on improving maths and English?

Sarah Teather: I am delighted to hear about that school using the pupil premium in that way. It is good to hear from head teachers examples of how they are spending the money and the impact it is making on the ground. I wonder whether the hon. Gentleman would invite the head teacher to write to me to tell me more about the detail of the work that that school is doing and its impact on pupils, as we are looking to try to publicise examples of good practice and it would be helpful to hear what is happening in the hon. Gentleman's constituency?

Chris Ruane (Vale of Clwyd) (Lab): Although the pupil premium has some merits in theory, what we shall see in reality over the next few years is the biggest cut in education funding since the 1950s. Is this not simply a case of robbing Peter to pay Paul?

Sarah Teather: I am glad to hear some grudging acceptance from the Opposition of the benefits of the pupil premium, which focuses money on the most disadvantaged students and gives schools freedom to spend it as they choose. I have just heard an example from my hon. Friend the Member for Harlow (Robert Halfon) of where that is making a substantial difference. I remind the hon. Gentleman that there is a flat cash settlement per pupil, and that an additional £2.5 billion has been made available for the pupil premium.

Amber Rudd (Hastings and Rye) (Con): Schools in my constituency are to receive a welcome £1.5 million from the pupil premium. At a meeting with representatives of the local primary school last Friday, I learnt that some primary schools will be working together to spend that money in the best possible way for their pupils. Does the Minister agree that that is a smart way of trying to get the best out of the pupil premium?

Sarah Teather: Trying to encourage smaller schools in particular to work together on best practice, especially if they have similar catchment areas, is an excellent initiative. It is helpful to hear about what is happening on the ground.

Trends in Education and Schools Spending

3. **Simon Danczuk** (Rochdale) (Lab): What assessment he has made of the findings of the report by the Institute for Fiscal Studies on Trends in Education and Schools Spending. [81757]

13. **John Woodcock** (Barrow and Furness) (Lab/Co-op): What assessment he has made of the findings of the report by the Institute for Fiscal Studies on Trends in Education and Schools Spending. [81767]

17. **Mr Gareth Thomas** (Harrow West) (Lab/Co-op): What assessment he has made of the findings of the report by the Institute for Fiscal Studies on Trends in Education and School Spending. [81771]

The Secretary of State for Education (Michael Gove): I read the IFS report with interest, and found its arguments thought-provoking.

Simon Danczuk: The report shows that education spending is being reduced dramatically. Head teachers in Rochdale and throughout the country deserve our praise for their hard work in dealing with the cuts that are being made by the Government of whom the Secretary of State is a member. Will he take this opportunity to apologise for describing head teachers as whingers?

Michael Gove: I am grateful to the hon. Gentleman for praising head teachers in Rochdale. Head teachers everywhere are doing a fantastic job with limited resources. The one thing that I hope I shall be able to work with the hon. Gentleman to ensure is that head teachers can make those resources go even further by allowing their schools to convert to academy status.

John Woodcock: The report shows that capital spending on schools was the fastest-growing component under Labour, but that we shall see the biggest cut under the Secretary of State's plans. In Barrow, a vital development is currently being upheld at the planning stage by Conservative councillors. Will the Secretary of State guarantee full funding for the project if those planning objections are dismissed?

Michael Gove: I think that the hon. Gentleman probably means "held up" rather than "upheld". However, we shall do everything possible to ensure that not just the planning system but building regulations are reformed so that necessary investment in schools is accelerated, and we shall do everything possible to ensure that resources are there for those in the most need.

Mr Thomas: In the light of the IFS report and the understandable concerns that it will have raised among my constituents who have children at school, can the Secretary of State assure Harrow schools that have just become academies that there will have been no real-terms cut in direct Government spending by the time of the next election?

Michael Gove: All schools that have become academies have the chance to spend their money directly on the priorities that are close to them. Obviously every school will have different funding results over the next four years, but, overall, cash spending on schools is protected, and schools should also benefit from the pupil premium.

Mr Philip Hollobone (Kettering) (Con): The IFS report sets education spending in the context of the national economy as a whole. Will the Secretary of State remind the House of the comparator between the size of the education budget each year and the size of the net annual debt interest bill left to this country by the Labour party?

Michael Gove: My hon. Friend has made another welcome point. The truth is that any reductions in spending across government are a direct result of the mismanagement of the last Government and the economic mess that they bequeathed to us.

Stephen Twigg (Liverpool, West Derby) (Lab/Co-op): The IFS report shows that the Secretary of State is undertaking the largest cut in education spending since the 1950s, and that education capital will be cut by an eye-watering 57%. Can he tell us how that 57% cut compares to the average capital spending cut across all other Departments?

Michael Gove: I am reminded by my hon. Friend the Minister of State with responsibility for children and families that it should be "compares with", not "compares to." The truth is that under the last Government capital spending was poorly allocated and wastefully squandered, and we are now ensuring that money goes in particular to those primary schools in desperate need that were neglected when the hon. Gentleman, unfortunately, was not in government but so many of his colleagues were.

Stephen Twigg: The right hon. Gentleman's English may be better than mine, but his maths certainly is not, because, as he knows, the cut is double the average cut—a truly terrible spending settlement for education capital. With youth unemployment now over 1 million, will he join me in pressing the Treasury to bring forward capital investment in schools, as set out in Labour's plan for jobs? Does he agree that that would not only be good for education, but it would be good for jobs and economic growth?

Michael Gove: The hon. Gentleman is, indeed, very good at arithmetic; if only he had been in the Treasury over the last five years when so much money was wasted by a spendthrift and profligate team of Ministers who had not a care for prudence, economy or the next generation. If he believes in a plan for jobs and growth, he should support the deregulation measures that will be in the autumn statement; he should support the Chancellor in making sure our economy is competitive again, and he should support the education reforms we are introducing, which will ensure that our children go on to become the best educated and the most enterprising in the world.

Pupil Premium

4. **Rushanara Ali** (Bethnal Green and Bow) (Lab): What estimate he has made of the change in average expenditure on schools in real terms per student following the introduction of the pupil premium. [81758]

The Minister of State, Department for Education (Sarah Teather): Average funding per pupil for 2011-12 has been kept cash-flat at £5,082 per pupil, plus the pupil premium. The pupil premium totals £625 million this year, rising to £2.5 billion in 2014-15. It provides £488 for each free-school-meal child and looked-after child. In addition, the children of families in the armed services will attract £200.

Rushanara Ali: I thank the Minister for her answer. According to recent research, a London child living in one of the country's most deprived neighbourhoods in 2010 had a 75% chance of finishing above the bottom quarter of the national results at age 16. Without the London weighting attached to the pupil premium, how will the Government ensure these high standards are maintained in constituencies such as mine?

Sarah Teather: I absolutely agree that the figures for attainment for children on free school meals and looked-after children are woefully inadequate at present. That is why we have introduced the pupil premium. I should also say that in the hon. Lady's constituency per-pupil funding is higher than almost anywhere else in the country. A substantial amount of money is already going into her constituency, therefore, as well as a significant amount of money through the pupil premium, which will rise to £2.5 billion nationally by the end of the spending review period. I would therefore encourage her to ask her schools how they are spending that money, and I would be very pleased to hear the detail of some of the best practice being followed by them.

Dan Rogerson (North Cornwall) (LD): My hon. Friend rightly sets out the benefits of the pupil premium. Does she agree that one of them is that it targets disadvantaged pupils wherever they are in the country, unlike general funding formulas, which the Government are looking at and which under previous Administrations have, perhaps, neglected some children in some parts of the country?

Sarah Teather: Absolutely. I represent an inner-London constituency so I see very high levels of deprivation there, but there are also high levels of deprivation in rural areas, which is often unseen either because it is in

pockets or because people might perceive that because an area is leafier it must also be wealthier. Many rural schools, including in my hon. Friend's constituency, will benefit from the pupil premium and will be able to focus their efforts on raising the attainment of all their pupils.

Mr David Blunkett (Sheffield, Brightside and Hillsborough) (Lab): I have written to the Minister's colleague the Secretary of State about a specific issue relating to transient populations clustered in particular areas, such as north-east Sheffield, where as many as 25% of primary school pupils and about 15% in one secondary school do not claim the usual benefits that entitle their school to receive the pupil premium. I therefore take the unusual step of asking the Minister to come to Sheffield and to my constituency, so as to examine this issue and then reformulate the pupil premium so that such schools can be supported and helped?

Sarah Teather: Obviously, I have not seen the right hon. Gentleman's letter to the Secretary of State, but I would be happy for either me or a colleague to come to see the specific issues in his constituency. I recognise the challenges of having a transient population and ensuring that all those families are claiming their benefits and are registered for free school meals. The Department is beginning a series of work to encourage schools to make sure that all families are signed up to free school meals.

Andrew Bridgen (North West Leicestershire) (Con): I very much welcome the introduction of the pupil premium, but is the whole system not completely reliant on the schools correctly identifying and registering pupils who are eligible for free school meals? How successful does the Minister believe schools are in identifying these vulnerable pupils?

Sarah Teather: It varies according to area. We know that there is some tail-off at secondary school level, which is one of the reasons why our funding consultation touched on whether or not to introduce measures, including "ever" free school meals. That was about picking up children for the pupil premium who had previously been on free school meals, because there is some drop-off as they move from one area to the next. As I said, we are beginning some work to encourage parents to sign up. Not all parents want to sign up for the lunch, but they may well be keen to sign up if they know that their school will get extra money.

Kevin Brennan (Cardiff West) (Lab): The facts are that the Institute for Fiscal Studies report says that in this financial year nearly three quarters of primary schools and more than 90% of secondary schools will see a real-terms cut in their budgets, even after including this so-called "additional pupil premium". Is the Minister embarrassed about the way she has been conned by her coalition partners or was she only too willing to sell our schools short?

Sarah Teather: Perhaps I can quote the IFS report back at the hon. Gentleman, because it says that the most deprived schools are likely to see real-terms increases in funding per pupil in 2011-2012. It is perhaps sometimes worth reading the detail of a report and not merely quoting back headlines.

Broadband Access

5. **Helen Goodman** (Bishop Auckland) (Lab): What assessment he has made of the effect on schoolchildren of a lack of high-speed broadband access in schools. [81759]

The Minister of State, Department for Education (Mr Nick Gibb): Broadband is important in supporting teaching in schools. The Department for Education does not collect data on broadband speeds in schools, but evidence suggests that almost all schools in England have access to broadband—speeds will vary, depending on location. Most schools choose broadband provided by local authorities or regional broadband consortiums, which are able to aggregate demand across a region, take account of rural schools and offer services suited to the needs of education.

Helen Goodman: I am grateful for that answer. In Byers Green and Binchester in my constituency there are broadband not-spots—they are surrounded by areas that are well served—and so children are told to do homework, using broadband, that they simply cannot do. Will the Minister either lobby his colleagues to ensure that broadband is accessible throughout the country or take steps to make sure that secondary schools stop requiring children to do homework that they simply cannot do?

Mr Gibb: I am grateful for the hon. Lady's comments. A BECTA survey in 2009 showed that only 2% of primary schools and 1% of secondary schools regarded their broadband speeds as very slow. There is record spending on broadband at the moment and the Government have allocated £530 million over the Parliament for broadband, which is available to local authorities to help improve broadband in their areas.

Careers Guidance

6. **Gordon Henderson** (Sittingbourne and Sheppey) (Con): If he will bring forward proposals to place schools under a statutory duty to provide high-quality and impartial careers guidance. [81760]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): The Education Act 2011 places a duty on schools to secure access to independent and impartial careers guidance for pupils in years 9 to 11. This provision will commence from September 2012 and will be underpinned by statutory guidance.

Gordon Henderson: I am grateful to my hon. Friend for his answer and I very much welcome the Government's progress on launching the national careers service. Does he agree that it is vital that we use the service effectively to promote vocational training?

Mr Hayes: My hon. Friend will know that I visited his constituency to look at the excellent work that has been done on vocational training. The purpose of the independent advice and guidance is to ensure that people get advice appropriate to their needs. For too long, we have assumed that the only route to prowess came through academic accomplishment. The Government

believe that the work of people's hands matters too, and that those with practical tastes and talents deserve their place in the sun.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Minister knows that face-to-face contact and advice on careers is essential. Is it not the case that up and down this country schools are giving up on having a highly trained careers person in them and there is no access to an external schools careers service? Is that not sad for the kids in this country who do not have good, well-connected parents to give them the advice that they crave?

Mr Hayes: What preceded the position the Government have adopted was the Connexions service. I am not saying that Connexions did no good, but it certainly was not up to scratch. The skills commission inquiry said that it did not ensure that young people had good advice, Ofsted identified inconsistencies in provision and, as you know, Mr Speaker, Alan Milburn specifically called in his report for a national careers service. Of course face-to-face guidance matters, but it is not all that matters.

Mr Marcus Jones (Nuneaton) (Con): New apprenticeships have grown by 56% in my constituency over the past year and are vital to our future. Will my hon. Friend confirm that he will ensure that under any future arrangements for careers guidance in schools opportunities for apprenticeships are fully promoted?

Mr Hayes: Absolutely. My hon. Friend knows that the work the Government have done on apprenticeships has been outstanding and it is due to the support, encouragement and advice of hon. Members like him that that work is cutting through in the constituencies in the way that he describes. It is not just our constituencies: the shadow Secretary of State's constituency has seen a 69% increase in the number of apprenticeships and I know that he will want to take the first opportunity to rise to the Dispatch Box and congratulate the Government on that.

Ms Karen Buck (Westminster North) (Lab): During the passage of the Education Bill, the Minister spoke movingly of the scope for the careers guidance service to be a driver of social mobility and quoted a survey that found that 27% of state school pupils have received bad careers guidance, set against 6% of private pupils. The model he has developed for careers guidance leaves 16 to 19-year-old school leavers with only a web or helpline service and does not transfer any of the money from careers guidance to schools for face-to-face services: how many private schools is he aware of in which teenagers receive only a web-based or telephone advice service?

Mr Hayes: I welcome the hon. Lady's question on this subject, because she, too, will want to know that in her constituency, apprenticeship numbers are also up by 69%. To answer her question directly, it is absolutely right that schools make a judgment about the mix of provision that suits their pupils. She is right, too, that private schools typically buy independent, impartial advice and that is the kind of advice that all children deserve, which is why we are changing the situation.

Rural Schools Funding

7. **Stephen Phillips** (Sleaford and North Hykeham) (Con): What steps he is taking to ensure adequate funding for rural primary schools. [81761]

The Parliamentary Under-Secretary of State for Education (Tim Loughton): The Government recognise the vital contribution made by rural primary schools to their communities. We believe that in many parts of the country, the current funding has not supported rural areas properly. Our recent consultation on reforming the funding system looked carefully at how small schools should be supported and we aim to consult further on more detailed proposals in the spring.

Stephen Phillips: It is a fact that small rural primary schools cost, on average, 50% more to fund. With vastly reduced resources, that is a huge challenge for local authorities. What precisely is my hon. Friend doing and going to do to support funding for such schools given their importance in constituencies such as mine?

Tim Loughton: My hon. and learned Friend makes a good point. The current methodology was inherited from the previous Government and the funding system is based on historical and out-of-date assessments of need. The system is illogical, unfair and opaque and that is why we have had the first phase of the consultation and will be taking its findings to face further, more detailed consultation and proposals will be made in the spring. I hope that he will contribute to that process on behalf of his schools.

Primary School Places

9. **Mr Matthew Offord** (Hendon) (Con): What steps he is taking to tackle the shortage of primary school places in (a) Hendon constituency and (b) England. [81763]

The Secretary of State for Education (Michael Gove): This year, we have made available £1.3 billion to fund school places in England. The London borough of Barnet's share in 2011-12 is £12.8 million.

Mr Offord: I congratulate the Secretary of State on tackling a problem that was neglected by the previous Government and I thank him for and congratulate him on the free schools initiative, which has provided Etz Chaim with an opportunity in Mill Hill. Does he agree that London has always had a problem with school places? Recently, I had correspondence with a constituent who has found that although her son was given a place at a nursery school, he was not given the opportunity to have a place in a reception class. That means that he will have to walk more than two miles even though there are seven other primary schools in the immediate area of Hendon.

Michael Gove: My hon. Friend makes a very good point. One of the dreadful problems we inherited from the previous Government was a failure adequately to prioritise capital to ensure that there were new school places in areas of population growth. As we know, population growth is exceeding all expectations, which

is why we need to do everything possible to reform planning rules and building regulations to ensure there are more new schools.

Fiona Mactaggart (Slough) (Lab): I should like to thank the Secretary of State for following up on the grant we got from the previous Government to create extra primary school places in Slough with another grant to create more of the primary school places we need. Shortly, my constituency will face a serious shortage of secondary school places, but many children who live nowhere near Slough are educated in our secondary and grammar schools. Will he consider looking, in the school admissions code, at places that educate children from a long way away but that do not provide places for local children?

Michael Gove: I am grateful to the hon. Lady for essentially advocating that we subsidise the expansion of grammar schools. I look forward to that becoming the policy of Labour Front Benchers.

English Baccalaureate

10. **Karl McCartney** (Lincoln) (Con): What assessment he has made of the effectiveness of the introduction of the English baccalaureate. [81764]

The Minister of State, Department for Education (Mr Nick Gibb): A survey of nearly 700 schools has shown that the English baccalaureate is having an immediate impact by increasing the number of pupils electing to take up a key set of academic subjects and by reversing declines in entry to subjects such as French, German and history, which we know are valued by universities and the wider public. The survey showed that 47% of pupils studying for their GCSEs in 2013 are taking academic subjects leading to the English baccalaureate, compared with just 23% entering that combination of subjects in 2011. That figure of 47% takes us back almost to the 49% who took those subjects when Labour came to office in 1997.

Karl McCartney: I thank my hon. Friend for that answer. Is he concerned that the impact of the English baccalaureate will undermine the value of excluded subjects such as divinity or religious education, which play an important part in providing students with a well-rounded English education?

Mr Gibb: Religious Education is an important part of the school curriculum, which is why it is compulsory up to age 16 and why it will remain so under this Government. The E-bac is small enough, with six or seven GCSEs, to allow time for the study of subjects such as RE, music, art or a vocational subject while also studying the E-bac combination of GCSEs that are regarded as the facilitating subjects. That will keep options open for longer and will widen opportunities.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Does the Minister recognise that the E-bac will be inappropriate for some of the pupils represented in the figures he has just read out, but that schools will have to push their pupils towards taking that approach *because of the retrospective and quite sloppy way in* which all this has been introduced? What message does he have for teachers who want to motivate pupils using a wider curriculum if the E-bac is not appropriate for them?

Mr Gibb: No student should be entered for a subject that is not in their best interests. The E-bac is small enough to allow schools to offer a range of options, including a vocational or other subject that is motivational for that student while still taking the E-bac subjects if they are suitable for that pupil.

School Admissions Code

11. **Jason McCartney** (Colne Valley) (Con): What his objectives are for the principal revisions to the school admissions code. [81765]

The Minister of State, Department for Education (Mr Nick Gibb): The White Paper, "The Importance of Teaching", announced that we would consult on a simplified and easier-to-understand schools admissions code to overhaul a system that is too often complex, confusing and unfair for parents. The revised schools admissions code is another contribution to our continued drive to reduce the bureaucracy facing our schools and local authorities while retaining the key safeguards that will ensure a simpler, fairer and more accessible admissions system for all parents.

Jason McCartney: Much of the local opposition to the Lindley Moor development in my constituency was based on the pressure on already oversubscribed local schools. Will my hon. Friend join me in insisting that section 106 money allocations to local schools as part of those plans really do go towards easing the pressure on local school places?

Mr Gibb: Local authorities have a duty to ensure that there are sufficient school places for all children of school age in their area and the Government are supporting local authorities in the fulfilment of that duty. Kirklees council received £17.2 million of capital for 2011-12 and a further £0.5 million as a result of the additional £0.5 billion basic need funding that was announced recently. On section 106 funding, the Government are consulting on changes to the community infrastructure levy to make it more responsive to local needs, including the need to ensure that there are enough school places.

Primary School Places

12. **Nick de Bois** (Enfield North) (Con): What steps he is taking to tackle the shortage of primary school places in (a) Enfield North constituency and (b) England. [81766]

The Secretary of State for Education (Michael Gove): Of the £1.3 billion available to fund additional school places in England, the London borough of Enfield's share is just under £16 million.

Nick de Bois: Enfield council recently announced a strategy to cope with the increasing demand, but it gives no specific consideration or role to free schools. What advice can the Secretary of State give to those interested *in setting up free schools who face this purely ideological* barrier?

Michael Gove: It is a great pity that Enfield Labour council is not as supportive of free schools as it should be. Both the hon. Member for Liverpool, West Derby (Stephen Twigg), the shadow spokesman for education, and I have visited superb free schools in Enfield, and I hope the Labour local authority there moves with the times and supports those free schools in doing a fantastic job for children in disadvantaged circumstances in a borough that deserves better.

Stella Creasy (Walthamstow) (Lab/Co-op): Inevitably, the provision of school places in neighbouring boroughs such as Enfield will have a knock-on effect in places such as Waltham Forest. The Secretary of State is aware that a quarter of all responses to his consultation on the national schools funding formula came from Walthamstow, from parents and governors in my constituency who are desperately concerned that we are facing a shortage of 1,200 places as a result of the cancellation of the Building Schools for the Future project. Will Ministers agree to meet parents and governors from my constituency to talk about the desperate shortage of places in Waltham Forest and what can be done?

Michael Gove: I am not surprised that we had so many representations from Waltham Forest, and Walthamstow in particular, given that the constituency representative for Walthamstow is *The Spectator* parliamentarian of the year award-winner as campaigner of the year.

Mr Speaker: We congratulate the hon. Lady.

Bob Russell (Colchester) (LD): As the Secretary of State knows, there is a shortage of primary school places right across the country. Does he agree that the situation is made considerably worse when the local education authority shows an inability to undertake forward planning? Thirty primary schools in Colchester have waiting lists. Will his officials please chase Essex education authority to get on with providing schools in my constituency?

Michael Gove: Consider it chased.

Munro Review Implementation Working Group

14. **Meg Munn** (Sheffield, Heeley) (Lab/Co-op): What progress has been made by the Munro review implementation working group. [81768]

The Parliamentary Under-Secretary of State for Education (Tim Loughton): The Government's response to the Munro review was informed by an implementation working group convened for that purpose. We continue to work with a range of partners to take forward these important reforms. We will consult early next year on the revision of statutory guidance. More flexible assessment processes are being trialled in eight local authorities. Ofsted has consulted on new inspection arrangements and we have published a work programme on safeguarding children in the NHS.

Meg Munn: The Minister started off well, publishing the minutes of the implementation working group on the website. Unless the working group has not met since, the last minutes are for May 2011. Will he give me an update on the report that he asked for on the funding implications of the Munro review?

Tim Loughton: I set up the implementation working group specifically to translate the Munro review recommendations into practical things that we could implement before we published the Government's response, so they informed the Government's response which we published before the summer. We have used members of that implementation group to inform the work that we are doing on all those aspects that I mentioned and others. My intention is to reconvene the implementation working group early in the new year to monitor the progress that we have made and see what more we need to do.

Academies

15. **Joan Walley** (Stoke-on-Trent North) (Lab): What his policy is on converting primary schools into academies. [81769]

The Secretary of State for Education (Michael Gove): I am in favour.

Joan Walley: I am pleased that we have got the Secretary of State to answer the question. I am in favour of head teachers, governors and local education authorities having a real debate about how to get primary schools to improve. How will the Secretary of State take account of special educational needs and outstanding Ofsted reports? Would he or one of his Ministers meet me, the local education authority and the heads about the schools which, it seems, will be forced to become primary school academies?

Michael Gove: I am grateful to the hon. Lady for her point. As she knows, education standards in Stoke-on-Trent have not been good enough for too long, and we particularly need to tackle underperformance at primary level. We need to find the right sponsors to help those primary schools turn round, but we can do so far better if we collaborate with the local authority and co-operate with local Members like herself and the hon. Member for Stoke-on-Trent Central (Tristram Hunt), who are passionate about change. I will make sure that a Minister makes time to talk to her and her parliamentary colleagues.

Literacy and Numeracy

18. **Mr Dominic Raab** (Esher and Walton) (Con): What steps he is taking to improve the teaching of numeracy and literacy in primary schools. [81773]

The Minister of State, Department for Education (Mr Nick Gibb): Good-quality teaching is fundamental to improving numeracy and literacy. We are reviewing the national curriculum to ensure an enhanced focus on literacy and numeracy. We will recruit more high-quality graduates and ensure that all newly qualified teachers have the skills to teach well, particular in teaching reading through systematic synthetic phonics. We are supporting existing teachers, for example by making match funding available for phonics materials and training and by increasing the number of specialist maths teachers.

Mr Raab: I thank the Minister for that answer. In 2009-10, one in five trainee teachers failed their basic numeracy and literacy tests, with thousands failing on their second attempt. What steps is he taking to ensure basic academic rigour in the teaching profession?

Mr Gibb: I agree completely with my hon. Friend's comments. That is why we have announced that, from September 2012, a person must pass a literacy and numeracy skills test before starting teacher training and will be allowed only two resits, rather than being able to take the test an unlimited number of times. From September 2012 we will also raise the pass mark and carry out a complete review of the test's contents to ensure that we are properly testing the literacy and numeracy of those teaching in our classrooms.

Elizabeth Truss (South West Norfolk) (Con): The top-performing countries in maths, such as Singapore, hardly use calculators at all in primary schools. Britain uses calculators more than any other country and is ranked 28th in the world in maths. Does the Minister think that there is a correlation?

Mr Gibb: I read my hon. Friend's article in *The Sunday Times* this weekend with great interest. She made some very important points. She has championed the importance of high-quality maths teaching in our schools and knows the importance of maths not just for an individual's ultimate opportunities, but for the economy as a whole. I hope that she will continue to contribute to the national curriculum review of maths.

Sure Start Children's Centres

21. **Karl Turner** (Kingston upon Hull East) (Lab): What estimate he has made of the likely size of the Sure Start children's centre network by the end of the 2012-13 financial year. [81776]

The Minister of State, Department for Education (Sarah Teather): Local authorities have a duty under section 5A(1) of the Childcare Act 2006 to ensure that there are sufficient children's centres to meet local need. Many local authorities are reviewing their provision, and they must consult before making any significant changes. The situation changes constantly and it is not possible to predict accurately the position at the end of the 2012-13 financial year. The early intervention grant provides enough funding to retain a network of Sure Start children's centres.

Karl Turner: The Minister recently visited Little Stars children's centre in my constituency and was impressed by the quality and commitment of staff to the service. Will she commend the Labour council leader for prioritising Sure Start, despite the savage cuts handed to it by the Government, and urgently reconsider the Government's decision to remove ring-fencing?

Sarah Teather: I very much enjoyed my visit to Hull and was extremely impressed by much of the work being done on the ground, particularly the innovative and fascinating work that a number of centres have been doing to link children's services with health. As I have said already, I commend local authorities that are prioritising children's services on the ground. That is certainly the message that we have given out clearly to local authorities.

Annette Brooke (Mid Dorset and North Poole) (LD): A recent newspaper article suggested that the Minister's Department did not know what impact there has been on the services provided within children's centres. I hope she will agree that services are more important than the centres themselves. What research will she carry out on that, and will she ensure that good practice is publicised?

Sarah Teather: The Department has commissioned an ongoing evaluation of children's centres in England, so any changes that are made as a result of Government policy, particularly the move to payment by results and changes in other services offered by children's centres, will certainly be picked up by the evaluation.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): Last week the Department finally admitted that the Government's damaging cuts to early years are resulting in services being withdrawn and children's centres being decommissioned and having to close their doors to parents, but we all know that those figures are just the beginning. Councils are now looking ahead to the next financial year, with the reserves drained and the easy cuts having already been made. How many centres will have to close before this out-of-touch Government and out-of-touch Secretary of State admit their mistakes and save our Sure Starts?

Sarah Teather: Our survey suggests that there have been six closures and 124 mergers since last year, out of a total that started at 3,631, so there has been a 3% change in the number of Sure Start children's centres, demonstrating that most local authorities are not only doing the best in what are, I recognise, very difficult circumstances, just as they are for the Government. Those authorities are prioritising services on the ground and that is certainly what we are encouraging them to do, as we ask them to publish the information on what they spend, under the new transparency requirements that the Government have introduced. Similarly, payments by results will focus them much more on outcomes.

Trends in Education and Schools Spending

22. **Mr David Hanson** (Delyn) (Lab): What assessment he has made of the findings of the report by the Institute for Fiscal Studies on trends in education and schools spending. [81777]

The Secretary of State for Education (Michael Gove): I refer the right hon. Gentleman to the answer I gave a wee while ago.

Mr Hanson: The report says that spending on 16 to 19-year-olds' education has fallen by more than 4%. At the same time, an Association of Colleges report shows that half of all colleges have seen a significant drop in enrolment by 16 to 19-year-olds, including in some cases a drop of up to 15%. Does the Secretary of State think that the two are by any chance related?

Michael Gove: I absolutely do not, given that the changes in 16 to 19-year-old funding do not affect colleges. They primarily affect schools, as schools are brought into correlation with colleges. The good news is that the very best colleges—those that are outstanding—are recording an increase in the number of students, and overall that is part of a very happy picture of rising participation.

National Citizen Service

23. **Lisa Nandy** (Wigan) (Lab): What plans his Department has to allocate funding to the national citizen service beyond 2012. [81778]

The Parliamentary Under-Secretary of State for Education (Tim Loughton): The pilots that have been run this year and will be run next year are funded through the Cabinet Office, and we will discuss with it and the Treasury how the scheme is then rolled out to the 60,000 and 90,000 places that we have forecast for subsequent years.

Lisa Nandy: A recent Education Committee report highlighted the alarming disappearance of youth services throughout the country. Does the Minister accept that replacing long-term youth services, which were particularly good for most disadvantaged children, with an eight-week programme does not constitute a strategic vision for young people? What will he say to those young people who feel absolutely betrayed by the decision that his Government have taken?

Tim Loughton: Of course the hon. Lady is completely wrong in her premise. The national citizen service, as I have just described, has been funded from a completely separate source from that of youth services—coming through local government and the Department for Education. She knows my concerns about how certain local authorities are treating youth services as a soft target for some of their cuts, and this Government will publish shortly our "Positive for Youth" policy, which will send out some very strong messages about the value of well-targeted, quality youth services run in partnership and under new models, because for too many years they were just not reformed under her Government.

Topical Questions

T1. [81745] **Gavin Barwell** (Croydon Central) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Education (Michael Gove): The Minister of State, Department for Education, my hon. Friend the Member for Brent Central (Sarah Teather), recently announced that we will spend more money to ensure that all disadvantaged two-year-olds have access to 15 hours of pre-school learning. Consultation is now taking place to ensure that the most deserving children get the best possible start in life, and I encourage all Members to contribute.

Gavin Barwell: Over the past year there has been a 10% increase in the number of children in reception classes in the London borough of Croydon, with further increases predicted in September 2012 and September 2013. I warmly welcome the almost £8 million that my right hon. Friend announced last week, but at the risk of sounding like Oliver Twist I also hope that there will be further such tranches of money in future.

Michael Gove: My hon. Friend not only sounds like Oliver Twist, but displays a sense of "Great Expectations" about what I can get out of the Chancellor—[HON. MEMBERS: "'Hard Times'!"] Well, really it is a "Tale of Two Cities": the City of London under Labour, under-regulated and, sadly, not paying the taxes that it should have; and the City of London under the Conservatives—at last getting the resources into the Exchequer which, I hope, on a serious point we can give to the children in Croydon, who do need more school places.

T4. [81749] **Alun Michael** (Cardiff South and Penarth) (Lab/Co-op): Has the Secretary of State yet woken up to the depth of anger among teachers, illustrated by a head teacher in my constituency, just coming up to retirement, who tells me that she feels cheated by a Government who want her to work longer for less, when she has already delivered her half of the bargain?

Michael Gove: First, I say to the right hon. Gentleman that if the head teacher in his constituency is coming up for retirement, she will be pleased to know that, under the coalition Government's proposals, she will be not be affected by any change to her pension whatsoever.

T2. [81746] **Nicky Morgan** (Loughborough) (Con): Leicestershire county council is currently reviewing the availability of school walking routes, including the one to Humphrey Perkins high school from Sileby to Barrow in my constituency. The county council considers that route to be reasonably safe, but the head teacher, the parents, the pupils and I do not. Will the Minister tell me the Government's view on when safety becomes more important than the simple availability of a route?

The Parliamentary Under-Secretary of State for Education (Tim Loughton): I am aware of my hon. Friend's interest in this issue. I recently met the Under-Secretary of State for Transport, my hon. Friend the Member for Lewes (Norman Baker), with another hon. Member and one of his councillors who were raising the same point. I simply point out to my hon. Friend—I am very sympathetic to this point—that local authorities are under a duty to make travel arrangements where the nature of the route to school is such that the child cannot be reasonably expected to walk in reasonable safety. Councils should not be re-designating roads without having done a safety check, and we should be asking some questions.

T5. [81750] **Tristram Hunt** (Stoke-on-Trent Central) (Lab): Research suggests that continuous teacher training offers the surest route for school improvements. What steps is the Secretary of State's Department taking in conjunction with the Department for Business, Innovation and Skills to ensure that university departments are opening up to local schools, so that teachers are up to speed with the latest scholarship and can inspire their pupils?

Michael Gove: That is a typically acute point from the hon. Gentleman. One of the things we are doing is to invite the new group of 100 teaching schools that we

have designated to play a closer role in collaboration with universities. Just last week, I was talking to the Royal Society about how important it is that universities and learned societies ensure that the best teachers can become accredited as masters in their field so that they remain up to speed with developments in their subject.

T3. [81748] **Laura Sandys** (South Thanet) (Con): The Minister has made great headway in ensuring that looked-after children are not sent beyond their local authority boundary. However, 30 children from Greenwich have been placed in South Thanet in addition to the number it has placed before, and the number from Lewisham has increased by 15 in the past six months. I wonder what more we can do.

Tim Loughton: I am well aware of my hon. Friend's genuine interest in that matter and she has been to see me with other colleagues. When we brought in the new guidance earlier this year, I wrote to every director of children's services to remind them of their obligations to house looked-after children as close to home as possible. I have taken the matter up again with the office of the Mayor of London and will be making further representations to those London boroughs that particularly impact on south-eastern seaside resorts such as her own. They should not have to take such large pressure.

T8. [81753] **Emma Reynolds** (Wolverhampton North East) (Lab): According to the Institute for Fiscal Studies, Wolverhampton will be one of the biggest losers from the Government's new national funding formula. Schools in my constituency stand to lose 10% of their funding, whereas schools in Buckinghamshire will gain 10%. Why is the Secretary of State so determined to take from the poor to give to the rich?

Michael Gove: The Institute for Fiscal Studies projections were based on its guesses. However, something it has said about reality rather than the future is that, at the moment, this Government are ensuring that schools educating the poorest receive the most, because our pupil premium will be worth £2.5 billion by the end of this Parliament. That is something the Government the hon. Lady supported last time round never did.

T7. [81752] **Mrs Eleanor Laing** (Epping Forest) (Con): Is the Secretary of State aware that many, many parents of children with special needs who were struggling to find a suitable school will be very pleased that he has decided to extend the free schools programme to special schools? How many special schools does he estimate will be free schools within the next few years and how many children does he estimate that will help?

Michael Gove: I am very grateful to my hon. Friend for her point. We need to ensure that all children who have special needs are better educated and we particularly need to ensure that the energy and enthusiasm of people in the third sector are galvanised. At this stage, I cannot give her a firm figure on how many students and schools are involved; all I know is that a small bridgehead will expand over the course of this Parliament.

Ian Austin (Dudley North) (Lab): The Secretary of State will no doubt be delighted to hear that, on Friday, I visited the university technical college in Walsall and, credit where it is due, it was fantastic. He will also be pleased to hear that tomorrow I am meeting Lord Baker to discuss my campaign to bring a UTC to Dudley. Sadly, only one of the 70-odd UTCs that will open nationally is currently in the black country. Will the Secretary of State meet me too, so we can discuss how we can open a UTC in Dudley and deal with the urgent need to drive up vocational standards and bring new jobs and industries to the area?

Michael Gove: It would be a joy.

Mr Edward Leigh (Gainsborough) (Con): So many members of the Cabinet, including the Prime Minister and Deputy Prime Minister, owe their start in life to private education. Many other European countries have many more bridges between private and state education, with, for instance, the state paying the salaries of teachers in private schools. Will the Secretary of State confirm that he has not ruled out new, imaginative ways of helping ordinary people to access private education?

Michael Gove: I try never to rule anything out; life is too short. To return to the Oliver Twist metaphor that we had earlier, I want to ensure that we do not just save Oliver and leave the Artful Dodger and the rest of Fagin's gang to the wolves, but ensure that every child in poverty is helped. It is therefore important that we all put pressure on independent schools to live up to their charitable foundation by sponsoring academies and doing more for all children in need.

Mr Kevin Barron (Rother Valley) (Lab): The findings of the Institute for Fiscal Studies on Rotherham metropolitan borough indicate that secondary school education will take a spending cut of between 11.8% and 13.4%. Given that Rotherham is still in the highest 20% of deprived areas in this country, what has happened to the concept of "We're all in it together"?

Michael Gove: As a deprived area, Rotherham will, over the lifetime of this Parliament, benefit increasingly from the pupil premium. The report to which the right hon. Gentleman refers is a projection—a guess. The IFS is a fantastic think-tank, but it is speculating, not stating.

Let me point out that every single question from Opposition Front Benchers during the course of this Question Time was a plea for more money; not a single question was about the case for reform. In a nutshell, there we have the problem with today's Labour party: an outstretched hand demanding more cash but not a single thing to say about raising standards.

Richard Fuller (Bedford) (Con): Here is a question about reform, not extra cash. With early adopter schools that are well equipped to convert to academies already on the pace in becoming free-standing academies, what extra support, advice and guidance can my right hon. Friend give to the middle area of schools that are considering moving to being an academy but have not yet got up the nerve to make that change?

Michael Gove: All I would say is this, "Come on in. The water's lovely." In Bedford and Bedfordshire, schools that have converted to academy status have already seen their standards increase, and their head teachers have

been able to ensure that money is spent on the pupils' priorities, not the bureaucracies' priorities. I am looking forward to working with my hon. Friend and all Bedfordshire MPs to ensure that more schools convert to academy status and, in so doing, raise standards for all children.

Mr Geoffrey Robinson (Coventry North West) (Lab): On academies and capital expenditure, the Secretary of State will recall that I was recently in touch with him, yet again, about Woodlands school in Coventry, which, having narrowly missed out on Building Schools for the Future, has turned into an academy in its desperation for some support from the Government and now finds that it is still not eligible for any further capital expenditure. Will he look at that and do something about it?

Michael Gove: The Priority School building programme exists specifically to help schools like Woodlands. At the moment, we are inviting bids from schools across the country and assessing those bids against each other. In due course, there will be an announcement about additional capital support for the schools in the worst condition.

Duncan Hames (Chippenham) (LD): Now that the Education Act 2011 has Royal Assent, the Minister will be looking at criteria for determining whether a school causing concern should be taken over by the governing body of another school. Can he assure me that these decisions will be made on the basis of the most up-to-date assessment of a school's progress?

Michael Gove: That is a very fair point. We want to make sure that we target our attention on schools in the greatest need. If a school has had a historically poor record but, for example, a new head teacher or a new chair of governors has turned it round in the past 12 months, of course we will interpret the criteria flexibly.

John Healey (Wentworth and Dearne) (Lab): The Secretary of State did not answer the question from my right hon. Friend the Member for Rother Valley (Mr Barron), which was about the distribution of funding under the Secretary of State's direct funding plans. Rotherham secondary schools are set to lose out by £12 million in an area where we already have high and rising deprivation. This is simply wrong. Will he give a guarantee to local parents, students and teachers that they will not lose out like this?

Michael Gove: I am grateful to the right hon. Gentleman, but I should say that this matter is under consultation at the moment. I should also say that the Association of School and College Leaders, the National Association of Head Teachers and every representative of head teacher opinion says that the current funding system needs to be reformed. Once again I say to him—now that he is, sadly, no longer in the shadow Cabinet—that it is not enough for Labour Members simply to ask for more; they have to push for reform as well as demanding more cash.

Sajid Javid (Bromsgrove) (Con): On that note, school children in my constituency of Bromsgrove will receive £1,000 less per head this year than those in neighbouring Birmingham. Does my right hon. Friend agree that that is because under the previous Government school funding was allocated on the basis of party politics and not need?

Michael Gove: As we say in Scotland, "Facts are chiels that winna ding." The truth is that the current system of school funding is inequitable. The Institute for Fiscal Studies has made that case most powerfully recently.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): In an earlier answer, the Under-Secretary of State for Education, the hon. Member for East Worthing and Shoreham (Tim Loughton) again deferred to Magic Breakfast, an excellent charity, to plug the massive funding gap that has been left by the Government taking away extended schools money. Magic Breakfast provides 200 schools with free breakfast, yet 3,000 breakfast clubs have been closed across the country and thousands more are under threat. What are the Government going to do about that?

Tim Loughton: Let me have another go. Just a few weeks ago, I met the former chairman of Greggs who set up the breakfast club. That company did so not on the basis of how much money the Government were or were not putting into it or because of Government policy, but because it thought that it was the right thing to do, it was in a position to do it and it was good corporate social responsibility. The company did it and it did not take Government money to ensure that companies could step up to the mark and do their bit.

Matthew Hancock (West Suffolk) (Con): As the Secretary of State knows, support in the community of Brandon for the Breckland free school is extremely strong. Will he assure me that all expressions of interest from parents, both on official forms and on the forms from the free school, will be taken into account when he makes a decision on whether that free school should go ahead?

Michael Gove: I had the great pleasure of meeting the parents behind that free school application. They were a fantastic model of citizen action. The Department will do everything possible to ensure that their bravery, courage and energy in ensuring that their children get the best possible education are supported to the full.

Mr Dennis Skinner (Bolsover) (Lab): A few minutes ago, the Minister for Further Education, Skills and Lifelong Learning talked about the increase in the number of apprentices in various parts of Britain. In Bolsover, that started three years ago when the working neighbourhoods fund was used to increase the number of apprentices in our area. Now, with the 28% cut for the local authority and the working neighbourhoods fund due to finish next spring, there will be a loss of apprenticeships in that part of Britain. Will he have a word with his colleagues to sort that out?

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): As the hon. Gentleman knows, this Government have produced the largest number

of apprenticeships in modern history. I am very happy to look at his constituency, but I have to tell him that according the latest statistics—not my statistics, but the official figures—apprenticeship numbers in Bolsover are up by 65%.

Mr Philip Hollobone (Kettering) (Con): Will the Secretary of State take this opportunity to praise those teachers and head teachers who are going to put their pupils first and refuse to go on strike a week on Wednesday?

Michael Gove: Once again, I am grateful to my hon. Friend. I stress that it is an important civil right to be able to withdraw one's labour. I also stress that this Government understand the widespread anxiety and anguish of hard-working public sector professionals, who deserve a decent pension. However, let me also make it clear that it is wrong for teachers and head teachers to withdraw their labour, to deprive children of a day's education and to make life more difficult for working parents—wrong, wrong, wrong.

Julie Hilling (Bolton West) (Lab): It is reported that youth services are taking a 25% cut on average and we know that some youth services are disappearing altogether. Will the Minister tell us how many youth projects have closed, how many youth workers have been made redundant and what he will do to ensure that local authorities fulfil their statutory responsibilities?

Tim Loughton: I cannot tell the hon. Lady how many but I will tell her that this Government are funding 63 myplace centres, the latest of which I opened in Bognor Regis just last Friday. In the next few weeks, the Government will produce their "Positive for Youth" policy, which will point to the future of new partnerships, new forms of funding and new ways of working together to ensure that our young people get decent youth services and a decent offer up and down the country. Reform needs to come to youth services in this country because the model under the previous Government was not sustainable.

Mr Speaker: To make a statement, I call the Exchequer Secretary to the Treasury, Mr Mark Hoban.

Northern Rock

3.34 pm

The Financial Secretary to the Treasury (Mr Mark Hoban): With permission, Mr Speaker, I would like to make a statement about Northern Rock. As the House will be aware, on 15 June this year the Chancellor of the Exchequer announced that Northern Rock had been put up for sale. Last week, he announced that he had agreed the sale of Northern Rock plc to Virgin Money. I am grateful for the chance to update Parliament on those events.

As hon. Members will be aware, the collapse of Northern Rock four years ago foreshadowed a crisis that was to engulf the global financial system. The queues of people outside branches of Northern Rock—the first run on a British bank in more than a century—remain to this day a lasting image of the crisis. It was a sorry result of the inadequate regulation and irresponsible banking that the previous Government presided over, and it was a crisis that led to a range of Government interventions in the financial sector. The sale of Northern Rock to Virgin Money is an important step towards normalising the Government's role in the financial sector and getting the Government out of the business of running the banks.

The deal with Virgin Money is expected to be completed on 1 January 2012, pending European Commission merger clearance and Financial Services Authority approval. Let me reassure the House that the sale route represents the best value for money for the taxpayer. United Kingdom Financial Investments and its independent advisers looked exhaustively at all potential exits, including stand-alone remutualisation, combination with an existing mutual and initial public offering, but ultimately advised that a sale would generate the best value for money for the taxpayer.

Furthermore, under the terms of the state aid agreement entered into by the previous Government, we have to transfer control of Northern Rock to a new owner by the end of 2013. That limits the window for getting Northern Rock plc back into the private sector. Combined with the fact that the bank is likely to be loss-making well into 2012, a sale to Virgin Money now is the best option measured against taxpayer value for money. We have also carefully assessed the impact of the sale on competition and financial stability.

Let me set out the details of the deal. The cash elements are as follows. Virgin will make a cash payment of £747 million to the Treasury on completion, which is expected to be on 1 January, conditional on regulatory approvals. We also expect about a further £50 million once we know the actual final net asset value of Northern Rock plc at the end of 2011. In addition to the cash payment, the Government will hold a capital instrument in Virgin Money, with a par value of £150 million and paying interest at 10.5%. Furthermore, we have ensured that the taxpayer will get a share of any upside. In the event of a profitable sale or initial public offering by Virgin Money, an additional cash consideration of between £50 million and £80 million will be paid to the Government.

By way of comparison, our shareholding in Northern Rock is valued at £1.2 billion on the Treasury's balance sheet, because the previous Government injected £1.4 billion of capital into the loss-making bank at the start of 2010. By the end of this year, that value will have decreased further due to the losses that Northern Rock currently makes. Despite all that, we have sold Northern Rock plc at a price-to-book multiple of about 0.8. Given that other UK banking stocks are trading at multiples of around 0.5, that is a good outcome for the taxpayer. Of course, when we consider the final position we will need to look at both Northern Rock Asset Management and Northern Rock plc to see the final outcome for the taxpayer.

This is also a good deal for the economy of the north-east, with the potential to create new growth and new jobs in the area. Virgin Money has committed to there being no further compulsory redundancies beyond those already announced for at least three years. It will also make Newcastle the operational headquarters of the new, combined business. It will retain the total number of existing branches, with the highest concentration in the north-east, and with plans to expand as the business grows.

We are pleased that Virgin Money has also committed to extending the current financial agreement with the Northern Rock Foundation to the end of 2013. We all know that the Northern Rock Foundation plays a vital role in tackling disadvantage in the north-east and Cumbria. Virgin has also committed to exploring how Virgin Money Giving and the foundation could work together in the future.

This deal will create almost immediately a new, credible competitor in our retail banking sector, thus increasing choice for consumers. The Government are clear that more competition is needed in the banking sector. A competitive banking sector ensures that the economy benefits from banking products and services at efficient prices. Competition is also a spur to innovation and economic growth, but choice has diminished in recent years as a number of high street banks and building societies have disappeared or merged. As set out in this Government's coalition agreement, we are committed to promoting competition in the banking sector and to the return to the private sector of the Government-held stakes in banks, of which this measure is a key part.

The Virgin brand has a strong reputation for growth and innovation and I am confident that its entry into retail banking will provide a real challenge and improve diversity in the banking sector. I want to be clear that for current Northern Rock customers, it is business as usual. They will not need to take any action as a result of the announcement. Virgin Money also plans to offer personal current accounts and small business banking products in due course.

I know some would have liked to see Northern Rock re-mutualised, but no final bids were made by mutuals and no workable plans for stand-alone mutualisation were put forward. None the less, the Government remain committed to promoting mutuals, which is why we are working with the mutuals sector to support its ambitions and ensure that it is not disadvantaged compared to bigger established banks—all to foster diversity and create a more competitive banking industry.

Of course, the sale of Northern Rock is only one step to a new banking sector—it is not simply a return to business as usual. The last crisis cost the taxpayer billions of pounds, and we cannot afford to repeat that. That is why this Government are pursuing ambitious reform of the financial sector at home and abroad,

[Mr Mark Hoban]

ensuring that we embed a competitive, successful but secure financial sector, and one that supports growth across the entire economy without jeopardising its stability; why we are fundamentally reforming the failed tripartite system, entrenching a much greater and much-needed focus on macro and system-level risks; why we are leading the international agenda for full implementation of the Basel III standards, to ensure that our banks are resilient to ongoing market turbulence; why we support in principle the recommendations of the Independent Commission on Banking to ring-fence better-capitalised high street banks, reduce taxpayer exposure through powers of bail-in, and increase competition in banking; and why we have secured commitments from the UK's biggest banks to provide £190 billion of new credit to businesses across the country this year, lending £76 billion to small and medium-sized enterprises this year alone, which is £10 billion more than banks lent to them last year.

The sale of Northern Rock to Virgin Money is an important milestone in this Government's efforts to return state-owned banks to the private sector. It represents good value for the taxpayer and provides an economic boost to the north-east region. For consumers across the board, it means greater diversity and choice in financial services.

I firmly believe that Virgin Money will have a hugely beneficial impact on the banking landscape in the years to come, providing better outcomes for customers and businesses. Of course, this is only one step towards a reformed banking landscape. The Government will continue to work hard to remedy the regulatory failures of the last decade, to promote a more competitive sector, and to ensure that we embed a stable and successful financial system that serves and not jeopardises the economy. I commend this statement to the House.

Mr Speaker: I apologise to the hon. Gentleman for inadvertently demoting him. I had been advised that this statement was to be made by the Exchequer Secretary to the Treasury, but I realise that the hon. Gentleman is a still more senior man, serving the Government as Financial Secretary.

Chris Leslie (Nottingham East) (Lab/Co-op): The Chancellor might have chosen to make this announcement when Parliament was in recess, but he really ought to have been here today—*[Interruption.]*

Mr Speaker: Order. I just say this, once and for all, to the hon. Member for Reading West (Alok Sharma): sit there silently, please, doing your duty. If you feel unable to do so, you have a very simple alternative, which is to leave the Chamber.

Chris Leslie: Thank you very much, Mr Speaker. I was simply making the point that the Chancellor ought to have been here today because there are so many questions to answer about this deal. Obviously it is right that Northern Rock should be leaving public ownership, just as it was right to take it into public ownership in 2008 to avoid a catastrophe, but the decision to sell at this time and in this manner raises some very serious questions. Will the Minister confirm the net loss to the taxpayer from the sale, and that the proceeds will be used in their entirety to pay down the national debt?

On the sale's timing, I read in the papers, and the Minister said again today, how the Government are blaming Europe and Labour—I am surprised that they have not blamed the civil service yet. These are weak excuses that just will not wash. He should start taking responsibility for some of his own decisions, and he should be doing what is right for the British taxpayer, not hiding behind EU rules. If he felt constrained by the EU requirement to sell by the end of 2013—let us remember that it is still only 2011—why did the Government not try to change that? If he is now suggesting that it was a bad deal for the taxpayer and that he would rather have waited, why did he not ask the European Commission for an extension? With the economy flat-lining, bank shares in decline and a deepening crisis in the eurozone, he could easily have made the case that circumstances had changed. Or does this fire sale suggest that they think that conditions will get even worse?

The Government have a duty to ensure that the deal is good for taxpayers, the economy, the new company and its customers and staff, so why is he scared to issue an initial public offering for Northern Rock? With about £700 million of excess equity on its balance sheets, why on earth is he selling it privately for 66p in the pound? Contrary to the headlines, this deal is funded not principally by Richard Branson, but rather with £250 million from US financier Wilbur Ross, a stake from an Abu Dhabi sovereign fund and—wait for it—£250 million of Northern Rock's own money, using its existing capital assets in a complex financial swap deal. Is the Minister not a little troubled that the company's assets are being stripped even before it changes ownership?

What is Northern Rock's current core tier 1 capital position, and what does the Treasury anticipate it will be in three years? We know that the Financial Services Authority has voiced its anxieties about such a substantial removal of capital. What safeguards will it be given if these capital buffers are to be thinned out so dramatically? The *Financial Times* reports that Wilbur Ross has paid about 80% of the book value for Northern Rock, yet he is quoted as saying that he would have

"to sell out a few years down the road for 1.5 times book value."

That is 150%. Is the Minister comfortable with the news that the Government have sold to an individual actively planning to dispose of the bank quickly and nearly double his money? Does that not indicate that the Treasury might be selling prematurely and at the wrong price?

I am amazed that the Minister has agreed to underwrite a further £150 million of the buyers' payments? I have heard of vendor financing, but agreeing to accept £150 million of debt so deeply subordinated as to be basically unsellable takes the biscuit. Is it not possible that the subsidy will be regarded as further state aid, and is he presumably seeking EU Commission approval for that? Will he at least guarantee that the Treasury will receive a payment every year on that £150 million, and that we will get it all back by the end of this Parliament?

The coalition agreement promised to promote mutuals and financial services, yet no apparent consideration was given to the mutualisation of Northern Rock. Why did Ministers not try harder to develop that option?

Will the Minister publish the analysis on the basis of which they dismissed a member buy-out? The concerns about the decision to run down £250 million of Northern Rock's capital reserves are not just an issue for the taxpayer; they also reduce Northern Rock and Virgin Money's ability to provide significant credit in a market crying out for mortgage finance. Despite the new owners' reported assurances, there are no contractual guarantees that branches or jobs will be retained. Savers in Northern Rock will also need reassurance that their new bank's depleted capital reserves will not bring repeated anxieties if another banking crisis occurs.

The Chancellor opposed the original decision to rescue Northern Rock, saying:

"I am not in favour of nationalisation, full stop."—[*Official Report*, 19 February 2008; Vol. 472, c. 186.]

Is this not a golden opportunity for him to hold up his hands and admit that he made a mistake, and do not the growing question marks lingering over this giveaway deal also suggest that his judgment is as wrong now as it was then?

Mr Hoban: That was a lame response to my statement. The previous Government presided over the failure of financial regulation and an irresponsible banking culture that led to the collapse of Northern Rock. Now we have to deal with their legacy, and that includes the agreement that they struck with the European Commission requiring Northern Rock to be sold by 2013. Given the hand we were dealt by the previous Government, we had to do three things: get the best deal for the taxpayer, for the consumer and for Northern Rock and the north-east. The deal that we announced last week did just that.

The hon. Gentleman asked about proceeds. As we have said, this is a one-off transaction, and the proceeds will go towards paying down the debt. He asked whether it would have been better to hold on to Northern Rock longer. The reality is that Northern Rock is currently loss-making, and it is expected to make losses in the first part of next year. The best outcome for Northern Rock is to be acquired by somebody who wants to use the base in Gosforth to expand the business and offer a better deal to consumers and the staff of Northern Rock. David Fleming, the Unite trade union official, said:

"The treasury's decision to sell Northern Rock to Virgin Money marks a significant moment in the history of this north-east based financial institution. After three years of turmoil and upheaval for the workforce at Northern Rock, Unite hopes that today will be the start of a secure future."

Let me deal with Virgin Money's capital position, which the hon. Gentleman raised. Virgin Money has clearly set out to be a strong and dependable partner. Its core tier 1 capital ratio is 15%, which is much higher than that of many existing high street banks, which averages about 10%. Of course the FSA will approve the capital structure and will have to give its approval of the transfer of ownership, and hon. Members should welcome that support.

On mutualisation, I made it clear, as did the Chancellor, that we were open to offers from existing mutuals to buy Northern Rock for a stand-alone remutualisation, but no firm bids were made in the final round. No one came forward with a well worked-out plan on how Northern Rock could be remutualised on a stand-alone basis, and that is why we took the decision we did. It was in the best interests of the taxpayer, the consumer, the north-east and Northern Rock to sell the business to Virgin Money.

Mr Andrew Tyrie (Chichester) (Con): In the Treasury Committee's recent report on competition in retail banking, we argued strongly that competition, and not just short-term revenue maximisation, should play a major part in the sales of the nationalised banks. Have consumer interests influenced the Treasury's decision to sell Northern Rock now, and does the Minister agree that increasing competition should be central to future divestments?

Mr Hoban: My hon. Friend makes an important point. We have studied the Treasury Committee's reports on competition carefully. We agree with him that competition is vital to improve outcomes for consumers, whether they be business or personal; and, to the extent that divestments of banks help to deliver improved competition, that is something to be welcomed and borne in mind. There are other areas where we can look to improve competition in the banking sector. The Independent Commission on Banking has made its proposals, and we will respond to them in due course.

Several hon. Members *rose—*

Mr Speaker: Order. There is extensive interest in this statement, which I am keen to accommodate, but I remind the House that there is another statement to follow. Therefore, brevity is of the essence.

Mr Geoffrey Robinson (Coventry North West) (Lab): Is the Financial Secretary not aware that this is an appalling deal, and at quite the wrong time for the British taxpayer? Is he not aware that the European Commission cannot sanction the imposition of that date? The worst time to sell a company is when it is loss-making and when—as in this case—it has prospects of profits to come. He should have waited. It is the timing that is being opposed, and which has nothing to do with the European Union, but everything to do with the collapse of this Government's economic policy.

Mr Hoban: The hon. Gentleman is well known for his business experience, but what we need is to get the best deal for the taxpayer and Northern Rock. The advice that we received from our independent advisers indicated that this was the best time. As I mentioned in my statement, we got a price-to-book ratio of about 0.8, which compares with other banks, which are currently trading on a price-to-book multiple of 0.5. That sounds to me like a good deal for the taxpayer.

Stephen Williams (Bristol West) (LD): I welcome my hon. Friend's confirmation that this is the best value for the taxpayer and injects a new competitive force into the high street. He said that this was a milestone in the Government's journey of returning the other state-owned banks to the private sector. Will he agree to continue to work with me and others who have imaginative ideas in this area to ensure that all citizens benefit from that rather larger transaction?

Mr Hoban: My hon. Friend has championed particular ideas about the distribution of shares in RBS, and we listen to those views carefully. It is absolutely right to

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see this as a milestone towards the normalisation of the banking system. It requires a significant reform to regulation and to the structure of banking, which is a course that we are embarked upon.

Mr Michael Meacher (Oldham West and Royton) (Lab): But is it not a scandal to sell off Northern Rock unnecessarily at this time at a cost to the taxpayer of up to a £500 million loss, especially when, in addition, the bad debts of Northern Rock Asset Management, which, significantly, the Minister did not mention, will be dumped on the taxpayer when the £50 billion of mortgages it still holds begin to default as interest rates rise?

Mr Hoban: Clearly, there are two parts to the Northern Rock business that the previous Government nationalised: the business that we are selling—Northern Rock plc—and Northern Rock Asset Management, which holds a lot of the old mortgage book. The previous Prime Minister assured the House that both would make a profit for the taxpayer.

Mr John Redwood (Wokingham) (Con): I hope that Sir Richard Branson can turn this business into a profit-making, growing business, generating more jobs and paying some tax. Will the Minister remind us how much this bank has lost in state hands, which accounts for the fact that it is no longer worth what the Labour party paid for it?

Mr Hoban: The previous Government injected £1.4 billion-worth of capital into Northern Rock plc. That has gone down to £1.2 billion because of the losses incurred, and we expect further losses in this financial year and in the next. The challenge for Virgin is to use the platform it will have in Gosforth to grow the business, attract new customers and use its reputation for challenging incumbents.

Mr Alan Campbell (Tynemouth) (Lab): Will the Minister give a cast-iron guarantee that the foundation will still exist beyond 2013?

Mr Hoban: It is a matter for Virgin Money and Northern Rock Foundation to discuss. Virgin Money has said as part of its agreement to acquire the business that it will extend existing arrangements to the end of 2013. It is keen to work closely with Northern Rock Foundation so that it can continue its excellent work in the north-east and Cumbria.

Michael Fallon (Sevenoaks) (Con): The big plus here is that from January we will have a strong challenger retail bank. Will my hon. Friend assure me that in taking forward the Vickers proposals, he will get on with creating other challenger banks, not least as alternative sources of support for small businesses?

Mr Hoban: My hon. Friend is right. From 1 January we will see a strong challenger on the high street from a business that has a reputation for taking on incumbents and offering a better deal for consumers. That is one of the great attractions of Virgin Money in this transaction. We want to take more action to improve competition on the high street. We are working closely with challenger banks to find ways of removing barriers of entry to the market so that they can grow their market share. One of the Government's key commitments is to improve competition on the high street for both business and retail customers.

Roberta Blackman-Woods (City of Durham) (Lab): I note that the Minister said that this agreement would lead to additional job creation in the north-east. Will he say how many jobs he expects to be created, of what type and by when?

Mr Hoban: What this deal does is preserve jobs in the north-east. Virgin is committed to not going beyond the existing management's plans for compulsory redundancies. The growth of Northern Rock will come off the back of how well Virgin Money does in exploiting new markets and new opportunities. I think this is a good deal for the employees of Northern Rock. That is why staff cheered when the deal was announced on Thursday at Northern Rock's offices in Gosforth. They wanted an end to the uncertainty that has hung over the business for the past four years. We have delivered that for them.

Mark Field (Cities of London and Westminster) (Con): I accept that any Government should, in the Minister's words, be looking to "get out" of the business of banking. Presumably, the fact that we have done this deal now rather than wait until the end of 2013 is due to the expectation of a considerable deterioration in the value of all the banks, including RBS and Lloyds banking group, where we have far more significant holdings. Will the Minister give an indication of the time period during which we might be getting out of the business of those two banks?

Mr Hoban: The decision to dispose of Northern Rock was taken in isolation from consideration of other banks. A particular set of circumstances appeared, which enabled us to sell while providing a good deal for the taxpayer, a good deal for the future of Northern Rock and a new competitor on the high street. That is why we sold Northern Rock to Virgin Money. I think it is a good deal for everyone concerned.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): I welcome the end of some of the uncertainty that has been blighting many of my constituents' lives, and Virgin Money's commitment to keeping Northern Rock's headquarters in Newcastle, but the people of Newcastle and the country want a return to a longer-term, more responsible form of banking to ensure that this never happens again. Given that the Government ignored the possibility of mutualisation, choosing a complex financial arrangement instead, what confidence can the people of Newcastle have that they will achieve that aim?

Mr Hoban: No one put forward a workable plan for a stand-alone remutualisation of Northern Rock. No mutual came forward in the final round with a bid to acquire Northern Rock. There is no point in hoping for a white knight to appear to remutualise Northern Rock when the reality is that none was forthcoming. I hope that the hon. Lady shares the view of Councillor Nick Forbes, leader of Newcastle city council, who said that he was

"delighted that the future of Northern Rock has now been decided with its sale to Virgin Money".

Guy Opperman (Hexham) (Con): I too was in Newcastle last week, when the foundation, local people, the Labour party and the cheering staff members in Northern Rock's building in Gosforth were confirming—as were the unions—that this was a great deal. Is the Minister surprised that no mutual came forward, and will he explain once more why none would be willing to do so in the circumstances?

Mr Hoban: We went out of our way to encourage that. We spoke to various organisations that are keen to promote the idea of mutuality, but none of them could produce a workable model that would enable us to give money back to the taxpayer, and, as I have said, no mutual came forward with a bid in the final round. That was not for want of trying on our part. Clearly there was not the interest in the mutual sector in acquiring Northern Rock that people assumed to exist.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): Of course my constituents in Newcastle welcome news that appears to offer some job security to many local people in the short to medium term, but will the Financial Secretary tell us what financial guarantees have been given to ensure that Virgin Money delivers on its promises?

Mr Hoban: Indeed. Councillor Nick Forbes, whom I quoted earlier, also said:

"The decision by Virgin Money to make Newcastle their home sends a message of confidence in our city and the wider North East."

Virgin Money backed that up by saying that it would not make any compulsory redundancies beyond those already announced by management for the next three years, and I think that that provides a good level of assurance for Northern Rock's staff.

When I visited Northern Rock on Thursday and talked to some of its staff, they were clearly pleased that the uncertainty that had hung over the business for the last four years and acted as a brake on its development had been removed. They look forward to its continued growth under Virgin Money.

Alec Shelbrooke (Elmet and Rothwell) (Con): The deal that the Minister has announced represents the best value that can be obtained for the taxpayer at this time, and for as long as financial crises continue to abound. We have secured the jobs of people in the north-east, hence the good cheer that is felt there. Does my right hon. Friend agree that the good news is here, and that the reason people may look po-faced is that, once again, we are clearing up a hell of a mess?

Mr Hoban: My hon. Friend is absolutely right. Since we came to office, we have reformed the failed tripartite arrangements that were introduced by the Labour party. We are changing the nature of banking in this country by establishing the Independent Commission on Banking, whose proposals on ring-fencing will mean higher levels of capital and better levels of liquidity for businesses. We are tackling the mess that Labour left behind, and the disposal of Northern Rock is part of that story.

Mr Ronnie Campbell (Blyth Valley) (Lab): This is a three-year deal by Mr Goody Two Shoes, Mr Branson. *[Interruption.]* That is what he is: Goody Two Shoes. What will happen to the people in Newcastle? Will he come to London, or will he go offshore after three years? Where is the guarantee for those workers?

Mr Hoban: I think that there is a better guarantee of jobs under the current proposal than there would have been if Northern Rock had continued as it was. The problem with Northern Rock was that its cost base exceeded the business that it was writing, and that posed a long-term—*[Interruption.]*

Mr Speaker: Order. As I said to the hon. Member for Reading West (Alok Sharma), I understand that there are very strong feelings and effects on constituencies on these occasions, but the hon. Member for Blyth Valley (Mr Campbell) must not chant a chorus from a sedentary position—or even, for that matter, from a standing position. We are grateful to him for his views when he is called to speak.

Matthew Hancock (West Suffolk) (Con): Is not the argument that we should hold on to Northern Rock for a few more years in the hope that the price will go up just a punt on the stock market, and is that not exactly the sort of attitude that got us into this mess in the first place?

Mr Hoban: My hon. Friend is right. The mentality that, hopefully, something will turn up seemed to guide the Labour party when it was in government, and we are now trying to pick up the pieces of the mess they left behind.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I want to be reassured that this is the right time to sell Northern Rock. I presume that the Treasury took into account the situation in the eurozone. If the Prime Minister currently believes the European Central Bank should be the bank of last resort and should therefore buy Italian bonds, why does the Financial Secretary think that back in 1976 a Labour Government did not instruct the Bank of England to buy British bonds but instead called in the International Monetary Fund?

Mr Hoban *rose—*

Mr Speaker: Order. The relationship between that question and the matter under consideration is, at best, tangential, but I am sure it is not beyond the intellectual compass of the Financial Secretary to address it.

Mr Hoban: I was, indeed, intrigued about the role Northern Rock might play in bailing out the eurozone economies. It is essential that action is taken in the eurozone to tackle the fundamental problems it faces. The banking system must be recapitalised, the fiscal crisis in Greece and a number of other member states must be resolved, and a firewall must be put in place to ensure that the turbulence in the eurozone comes to an end. We are all working towards achieving that, and it is in our long-term interests to do so. The fact that we were able to dispose of Northern Rock against that backdrop is a good sign of what is happening here in the UK.

Richard Harrington (Watford) (Con): I, for one, would like to thank the Financial Secretary and his colleagues for this deal, as I believe it is a good deal for the taxpayer and it offers a good future for the employees of Northern Rock. Does the Financial Secretary agree with the shadow Chancellor, who unfortunately is not in his place but who said in 2006 that the tripartite committee provided robust supervision of risks to financial stability?

Mr Hoban: My hon. Friend makes an important point. The reality is that Northern Rock's problems and ultimate failure as an institution were a consequence of the architectural flaws in the system of tripartite regulation, under which no one body was monitoring, and could respond to, the build-up of an asset price bubble, and no body was able, or prepared, to challenge Northern Rock's business model which led to its being over-dependent on money borrowed in the wholesale markets. That was the cause of Northern Rock's problems, and we are putting in place measures that will tackle some of them.

Ian Mearns (Gateshead) (Lab): The Financial Secretary will remember the discussions we had in the summer and spring about this potential sale and the guarantees we were seeking about the Northern Rock Foundation. He said at the time that he could not give any guarantees about the foundation as he had to get the best deal for the taxpayer. Having failed to achieve that, will he go back and see whether he can get a further deal on the foundation beyond the one year that has been guaranteed?

Mr Hoban: There is a good deal for the foundation. There was no obligation on Virgin Money to continue the deal beyond 2012, but it has agreed to extend it to 2013, and it wants to ensure that Virgin Money Giving works with the foundation to enable it to continue its work. One of the challenges for the hon. Gentleman and his colleagues from the north-east is to work with Virgin Money and to persuade it of the merits of continuing to fund the foundation.

Sir Alan Beith (Berwick-upon-Tweed) (LD): My constituents who have worked for Northern Rock, and people throughout the north-east who care about the new institution having its headquarters there, will be astonished at Labour's opposition to the deal, as it is designed to give a future to a bank that failed on Labour's watch, when guarantees were not worth the paper they were written on.

Mr Hoban: My right hon. Friend makes an important point. As someone who was born and brought up in the north-east, I understand how important Northern Rock is to the fabric of the region, and how important it is as an employer and as a sign of prosperity. That is why I was keen to ensure that we got a good deal, not only for the taxpayer but for Northern Rock and the north-east. I am disappointed that so few voices from the Labour Benches have spoken up in support of what is a good deal for Northern Rock and its employees.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): It is amazing that the Government find the ability to mutualise public services but not to remutualise a former mutual. Will the Minister put evidence in the House Library over the next 25 months proving that this was, indeed, a good deal for the taxpayer now?

Mr Hoban: I have made it very clear that we acted on the advice that we had received from our independent advisers. They put forward the case that it was better for Northern Rock to be sold to Virgin Money than for us to sit on it or have it remutualised in one form or another, and I think that that is the best outcome for Northern Rock and its employees. I also think that Labour Members should recognise their role in the circumstances that led up to the failure of Northern Rock and show some contrition about the regulatory system that they left behind.

Mr Peter Bone (Wellingborough) (Con): For Northern Rock's employees, borrowers and depositors, who does the Minister think would be better to run it: the Government or Virgin? It appears that Labour Front Benchers think it is the Government.

Mr Hoban: I have always taken the view—I think my hon. Friend will agree with me on this occasion—that these things are better run in the private sector than in the state sector. I think we will see good management and good leadership from Virgin Money, which will provide a long-term foundation for a credible competitor in the retail financial services sector.

Grahame M. Morris (Easington) (Lab): My question is about the timing and sustainability of this deal. I wonder whether the Minister will answer a question that my hon. Friend the Member for Nottingham East (Chris Leslie) asked earlier about the reported recapitalisation—what we would refer to as "an asset strip"—whereby almost a third of the purchase price is reportedly coming from the bank's current capital base. Does the Minister not feel that this would put the bank at greater risk in the future if the capital base is not quickly rebuilt?

Mr Hoban: This transaction is subject to regulatory approval by the Financial Services Authority, which will carefully examine a range of issues, including the capital position of Virgin Money. I have made the following point before, but it is worth repeating. Virgin Money's core tier 1 capital ratio is about 15%, whereas most of the UK high street banks are operating at about 10%, so is strongly capitalised. This deal is subject to regulatory approval, and that should give all of us confidence in the future of Northern Rock.

Robert Halfon (Harlow) (Con): As well as reassuring anxious employees that there will be no compulsory redundancies, will my hon. Friend confirm that there will be few branch closures under the new Virgin Money scheme?

Mr Hoban: I can indeed. One of the commitments given by Virgin Money was to maintain Northern Rock's existing branch structure, particularly the branches based in the north-east, and as it grows and expands the services I suspect that it will want to open more branches, so that more people can access the deals that it is offering.

Mr David Anderson (Blaydon) (Lab): If this is the best time to sell Northern Rock—a time when it has made a loss, with the implication of what the Minister has said being that it has already made a loss for part way through next year—does that not show what the real story here is? It is not about the bank, but about the fact that the Government are tacitly agreeing today that the economy will be no better, or worse, in the next two years than it has been in the past year and a half, under their stewardship?

Mr Hoban: I do not agree with that at all. If the hon. Gentleman had spoken to Northern Rock employees over the past few months, as I have, he would have found that they clearly have the capacity to expand their services beyond what is currently on offer; they can cope with a bigger flow of savings and mortgages. That is good news, because it will enable Northern Rock to cope with the volumes that should flow from the acquisition by Virgin Money. If we did not sell Northern Rock now, the risk is that there would be further job losses to try to cut the cost base in line with the current business book. That would not be a good outcome for Northern Rock or its employees. The prospect of moving to Virgin Money has lifted the uncertainty from over the heads of Northern Rock employees. As one of them said to me on Thursday, "This is like an early Christmas present."

Mrs Eleanor Laing (Epping Forest) (Con): In contrast to the Opposition's blind prejudice against the private sector, does the Minister agree that Sir Richard Branson's undertaking that there will be no compulsory redundancies and no branch closures in the next three years shows that Virgin Money is a decent company that will bring benefits to Northern Rock's savers and employees, and to the north-east generally?

Mr Hoban: My hon. Friend is absolutely right. What is impressive about Virgin Money has been the way it has sought to engage with stakeholders in the north-east and to understand the importance of Northern Rock not just to the employees but to the wider community in the north-east. It has put forward a business plan that seeks to focus its operations in Gosforth in a way that will help to protect and grow the operation there. That is why the news of Northern Rock's sale to Virgin Money has been greeted positively by most people, but, sadly, not by those on the Opposition Benches.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Earlier this year, UKFI ruled out remutualising Northern Rock on the grounds that that would represent the gifting of shares to members of a new mutual. Aside from the fact that mutuals are not premised on gifting, can the Minister explain how using £250 million of existing equity within Northern Rock to finance this deal is anything other than gifting?

Mr Hoban: The deal we have agreed with Virgin Money involves the receipt of £747 million in cash now and further receipts in the future. I think that offers much better value for money than the remutualisation route, which would have involved the free transfer of shares to members and would have had no certainty of return to the taxpayer. It is in the long-term interests of the Northern Rock business for this deal to go ahead as it is.

Alun Cairns (Vale of Glamorgan) (Con): Does the Minister agree that this could be seen as the first step in returning normality to the banking high street after regulatory failure over the past 10 years? Does he accept that by doing that he is bringing a new, welcome innovator to the marketplace that will have a positive impact on competition?

Mr Hoban: My hon. Friend is absolutely right. We want to see new competitors in the market—people who can challenge the incumbents and offer a better service, better rates and better products—and that is to the advantage of consumers. That is a trend we are seeing across the banking sector as a whole, with new entrants coming into the market, and we should be encouraging it so that we have a more competitive financial services marketplace with better outcomes for consumers, whether they are business or personal.

Phil Wilson (Sedgefield) (Lab): Will the Government do an impact assessment of the effect on jobs in the voluntary sector if the Northern Rock Foundation closes after 2013?

Mr Hoban: I recognise the importance of the Northern Rock Foundation and I think we all appreciate the excellent work it does in the north-east, but following the denationalisation of Northern Rock it needs to think about how it will continue its work and how it will work with Virgin Money and Virgin Money Giving to continue its activities across the north-east in the future.

Mr Philip Hollobone (Kettering) (Con): What commitment has Virgin Money made to Her Majesty's Treasury that it will increase lending to small businesses with its new asset in place?

Mr Hoban: At the moment, Virgin Money operates primarily in the retail financial services field. It offers a range of products to personal customers. However, it has said that it will look to provide a range of products to small businesses in the future and we would welcome that increased competition in that key area.

Chris Evans (Islwyn) (Lab/Co-op): Will the Minister please explain how using £240 million of Northern Rock's own capital somehow represents a good deal for the bank and for consumers?

Mr Hoban: As I have already made very clear, Virgin Money is paying £747 million to the taxpayer, and other proceeds of sale will come our way. Our view is that this is far and away the best deal on the table. It is the best deal when it comes to value for money for the taxpayer, it is the best deal for consumers and the best deal for the north-east. I am sorry that the hon. Gentleman has not sought to welcome this opportunity to give the people of the north-east and those who work at Northern Rock some new hope for their future.

Stephen Hammond (Wimbledon) (Con): I thank my hon. Friend for his statement. If I understand it, the deal done by the Labour party that forced Northern Rock to be sold before 2013 put a deadline in place, and if losses were being made, the book value was more likely to fall. May I urge my hon. Friend to stick to his

[Stephen Hammond]

guns, as this is a good deal for taxpayers? I remind him that the Labour party's timing meant that gold was sold at the bottom of the market.

Mr Hoban: My hon. Friend makes a good point. I am not sure I would ever want to turn to those on the Opposition Benches for advice on when to sell assets.

Mr William Bain (Glasgow North East) (Lab): Northern Rock demutualised in 1997 yet collapsed 10 years later. Does the Financial Secretary recognise that if it did so again, the cost to the taxpayer could rise to £10 billion? Why, then, did he not more rigorously pursue a mutualisation option that would have restored a safer building society mode of finance to the British high street?

Mr Hoban: We should think about those dates very carefully. It was demutualised in 1997 and failed in 2007. The hon. Gentleman needs to remember that the regulatory architecture put in place by the previous Government meant that Northern Rock could act as an outlier and become over-dependent on wholesale funding. Nobody did anything about that at a time when there was an asset price bubble in the UK economy. Those factors in the regulatory architecture led to some of the financial problems in the economy in 2007, 2008 and 2009. We are acting to strengthen the regulatory architecture, to tackle those problems and to ensure that the Bank of England has the powers it needs to supervise the banks properly and look at systemic threats to financial stability. We have also set up the Independent Commission on Banking, which is looking at ways of making the banking system in the UK safer while remaining competitive at an international level.

Jonathan Evans (Cardiff North) (Con): My hon. Friend will recall that when he appeared before the all-party group for building societies and financial mutuals he was asked to arrange for the publication of the advice received in relation to UKFI and the start of this sale. Bearing in mind the reliance he has placed on advice today, when does he anticipate that advice being published?

Mr Hoban: My hon. Friend will understand from his own business experience that received advice can be subject to commercial confidentiality. I assure him that we looked carefully at the remutualisation of Northern Rock—that is why I went before his all-party group. We reached out to people in the mutuals sector who wanted to see the remutualisation of Northern Rock but, sadly, no one came up with a viable and workable plan to enable that to happen.

Mr Andrew Love (Edmonton) (Lab/Co-op): I remind the Minister that UKFI made it absolutely clear at the start of the process that it was looking for short-term maximisation of the cash value of Northern Rock. That precluded any sensible mutual from entering the process. This deal is a disaster—we are losing money hand over fist on it. Would it not have been sensible in the circumstances, recognising market conditions, to have gone for a much longer-term deal with a mutual, which would have provided financial benefits as well as delivering benefits to the consumer?

Mr Hoban: I just point out to the hon. Gentleman that the mandate for UKFI was to maximise value for money for taxpayers, and that mandate was set by the previous Government.

Andrew Bridgen (North West Leicestershire) (Con): Has the Minister noted that the deal agreed with Virgin Money represents 80% of the book value of Northern Rock, whereas RBS and Lloyds are currently trading at only 40% of book value? Does not the deal represent good value for the taxpayer?

Mr Hoban: My hon. Friend is absolutely right. If we measure this deal against the values at which other banks are trading at the moment, it is very clear that it is good value for money for the taxpayer. Rather than carping and criticising, Labour Members should welcome the fact that at a difficult time for the global economy we have been able to sell Northern Rock and get such good value for money.

Nic Dakin (Scunthorpe) (Lab): Has the Financial Services Authority expressed a view on the use of £240 million of Northern Rock's own money by the buyers for the purchase of this scheme?

Mr Hoban: As I said earlier, the FSA will go through its normal process of approving the transfer and sale of this business.

Richard Fuller (Bedford) (Con): Given the failed corporate strategy that led directly to the first run on a bank for more than 100 years, the nationalisation and now the capitalised loss for the taxpayer, is my hon. Friend satisfied that the original directors and chief executive officer of Northern Rock have been held sufficiently to account for their fiduciary responsibilities and will he welcome funding for the Serious Fraud Office to ensure that they are?

Mr Hoban: The directors of Northern Rock have been subject to enforcement action by the FSA, but I shall not go into detail about that. I recognise that the directors have their responsibility for the failure of Northern Rock, but the Labour party should also share some responsibility for the architecture of the financial regulation it put in place, which meant that no one was in a position to prevent Northern Rock from being an outlier when it came to its dependence on wholesale funding. It was a consequence of that dependence that led to Northern Rock's being nationalised and we should welcome the fact that it is returning to the private sector.

Jonathan Ashworth (Leicester South) (Lab): Will the Financial Secretary confirm, so that we are clear, that the Treasury did not apply to the European Commission for an extension of the 2013 deadline? Will he also confirm, further to his answer to the hon. Member for North West Leicestershire (Andrew Bridgen), that given the price of shares in Lloyds and RBS, the Government and UKFI have no immediate plans to sell off their shareholdings in those banks as well?

Mr Hoban: We were dealt a hand by the previous Government. We inherited their ownership of Northern Rock. We inherited their holdings in Lloyds and RBS. Our judgment was that this was the right time to sell the business. The deadline imposed upon us by the European Commission acted as a spur to this. Looking at the prospects for Northern Rock under state control and comparing them to the prospects for Northern Rock under Virgin Money's control, most sensible people would say that it was better that Northern Rock was owned by Virgin Money than by the state.

Stephen Mosley (City of Chester) (Con): The employees of Northern Rock were cheering last week, but is this not also a vote of confidence by Virgin Money in the economy of the north-east and in the Government's handling of the British economy as a whole?

Mr Hoban: That is right. We have a significant new entrant in the financial services market that is prepared to buy Northern Rock, to invest in the future of the operations in Gosforth and to provide job security there. It is a vote of confidence. It demonstrates that there are people out there who want to be part of our financial services market and who want to offer a good deal to consumers.

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): Can the Minister guarantee that the Government will get back the £150 million that they are lending to Virgin and, if so, when?

Mr Hoban: What we put in place with Virgin Money is a capital instrument which is an important part of its financing structure, and the terms of that instrument will be set in place shortly. It is important to recognise that we want to see a well capitalised bank there. The FSA will look very carefully at the structure of Northern Rock and its ownership. As I said, Virgin operated a business model whereby it has capital levels which are much greater than those of some of its peers. That is a welcome sign that Virgin takes financial stability very seriously indeed.

Paul Blomfield (Sheffield Central) (Lab): Is it any wonder that Members on the Labour Benches and people more widely question the value of the deal, when the principal purchaser says that he intends to sell out within a few years at double the money?

Mr Hoban: That is why we have agreed as part of the deal that if Northern Rock is sold within five years, we will get a benefit from that. It is not just those on the Government Benches who agree with the deal. It is the staff at Northern Rock, the Labour leader of Newcastle city council, the national officer of Unite and others who welcome the fact that this is a vote of confidence in the ability of Northern Rock to add value to the Virgin Money brand.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): Like my fellow Co-operative party MPs, I strongly wanted to see a mutual solution for Northern Rock. The Government's reasons for not going down that route seem to change every time the issue comes before the House. The Government were happy to sell at a discount and use vendor financing, but are not those the very reasons why the Government used to say they could not proceed with remutualisation? Further to that, the Minister's statement that "no mutual came forward with a bid" suggests that he does not really understand the issue at all. Surely the point of a mutual is that the members themselves would buy it out and become the owners.

Mr Hoban: I question whether the hon. Gentleman himself understands mutuals. There are situations where mutuals come forward and make bids. We have seen the consolidation of the mutual sector in recent years as a consequence of the financial crisis, so there are different ways in which a mutual option could arise. Let me reassure the hon. Gentleman and his hon. Friends. We looked closely at the mutualisation option, and we were open in reaching out to Mutuo, Adrian Coles, the Building Societies Association and Jonathan Michie to encourage them to come forward with a workable solution for how Northern Rock could be remutualised. No one came forward with such a solution. That is why this deal is the best one for the taxpayer.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): The Minister was asked at the all-party financial mutuals inquiry to publish in full the Deutsche Bank report to UKFI on the future of Northern Rock. Why will he not publish any of that report or any of the details of the other conversations that he says he has had with Mutuo and others? Does he not recognise that his failure to do so calls into question the seriousness of his commitment to financial mutuals?

Mr Hoban: I say this to the hon. Gentleman and other Members on the Opposition Benches who represent the Co-operative party: we have worked hard since we came into office to find ways to strengthen the mutual sector. That is why we have finally pushed through the legislative reform order which will make it easier for credit unions to expand, why we set up a fund in the Department for Work and Pensions to encourage credit unions to expand, and why we have pushed through, after years of inactivity by Labour when in government, a new capital instrument for building societies. This party is committed to diversity in financial services. We have done more to help the mutual sector in the past 18 months than the previous Government did before they left office. I believe we have a strong message on mutuals, and what we have here is the best outcome for the taxpayer and Northern Rock.

Housing Reform

4.29 pm

The Minister for Housing and Local Government (Grant Shapps): Today, the Government have published "Laying the Foundations: A Housing Strategy for England". The Government inherited a situation in which house building had fallen to its lowest peacetime level since the 1920s, house prices virtually doubled in the 10 years to 2010 and nearly 3 million households who wanted to own their own home and to have that sense of independence and pride were struggling to get a foot on the ladder. Indeed, under the previous Administration, the number of first-time buyers collapsed to its lowest level since the 1970s. Lenders are not lending, builders are not building and buyers are not able to buy.

Of course, the credit crunch is responsible for some of the slow-down, but I have no doubt that the problem was compounded by a centralist and bureaucratic approach to housing that made it harder and more expensive to build those much needed homes. This Government will get Britain building again by working with communities and industry, not against them. Instead of forcing homes on communities, we are giving them reasons to say yes with the new homes bonus. Instead of dictating to industry, we are addressing the barriers it faces. We have already seen some promising signs—house building starts are up by a quarter during our first 18 months in office—but we are in no doubt about the scale of the challenges ahead and we are ready to take decisive action to get our country building again.

To get builders building, we need to get buyers buying, which is why we are helping those who aspire to own. Today, I am announcing support for an industry-led indemnity scheme to provide help for first-time buyers in particular. It will help up to 100,000 people to buy new-build homes with a 5% deposit. That means that, instead of an impossibly high deposit of, say, £40,000, a typical first-time buyer would need only around £10,000 in deposit, putting ownership within the reach of the many. It is also a low-risk scheme for the taxpayer, with the deposit from the homeowner and the liability for the builder coming first.

We are reinvigorating the right to buy. Nothing did more than the right to buy to promote social mobility, home ownership and mixed communities, but I am afraid that the previous Government made vindictive cuts to that successful scheme. We are on the side of every family who wants to get on and do well, so we will raise the discounts available to social tenants who wish to buy. For the first time, we will take the receipts from additional right-to-buy sales and use them to support new affordable homes on a one-for-one basis—for every home sold, a new one will be built.

In the current tough conditions, direct support from the Government can get things moving again. Across the country there is a large number of what I describe as shovel-ready sites complete with planning permissions, but a lack of immediate support has stopped development in its tracks. Therefore, we are launching a new £400 million get Britain building fund. It is the injection needed to get building going and has the potential to support up to 32,000 jobs. *[Interruption.]* I hear chuntering from the Opposition Front Bench, but I can confirm that that money has not been raided from another budget. We all remember the previous Government's habit of returning to the Dispatch Box to reshuffle money around. This is new money for the housing sector.

Alongside that support, a new £500 million growing places fund will support the large-scale infrastructure needed for housing and economic growth. Today we are also providing £150 million, which I think the whole House will welcome, to bring many empty houses back into use.

Of course, quality matters, not just quantity. That is why the new homes we are going to build will be well designed and meet high environmental standards, and why we have asked the Design Council to help advise on building better homes.

The Government can also help by making more public land available, so we are freeing up public sector land with the capacity to deliver 100,000 new homes, many of those on brownfield sites. It is also time to recognise that many of the local deals struck during the height of the boom—the so-called section 106 agreements —placed unreasonable demands that simply do not make sense in today's economic climate. It is quite right to ask developers to work with communities to make sure that development is viable, and no one has any objection to that, but it is self-defeating if the demands are so stringent that as a result there is no development, no regeneration, no community benefit and, ultimately, no houses are built.

In addition, we will provide support for local areas that want to deliver large-scale new development to meet the needs of their growing communities, so we are putting the incentives in place. Alongside the new homes bonus, we are reforming the community infrastructure levy, so local communities will have a proper say over how their neighbourhoods are developed and improved.

We are also supporting self-build, a revolution in the making, with a custom-build homes programme. We will put in place up to £30 million to fund this country's ability to match what happens overseas and build many more homes through self-building by people who want to develop for themselves. Last year, the largest group of builders in this country was self-builders, with some 13,000 homes, and we want to see that figure double over the years to come.

Rented housing continues to have a vital part to play in meeting our national housing need and supporting mobility, so we will work with local authorities to tackle the worst private rented properties and the worst private landlords who drag the reputation of the sector down. Satisfaction in the sector is 85%, and we want to see it grow.

Members will know that we are reforming social housing, too. Under the previous Government, housing waiting lists almost doubled, so building more affordable homes is absolutely vital, and we are introducing the new affordable rent model, making sure that vulnerable people get the support that they need, while those who can pay, pay a little more and make a fairer contribution.

It has to be easier for social tenants to move for work or to be closer to family, so we have just introduced the national HomeSwap Direct scheme, which will support them in their moves and create excellent mobility—in strong contrast to the failed scheme that no Opposition Member wants to talk about any more. One or two Members will recall it: it was called MoveUK, a scheme

that the previous Government disastrously mishandled and, eventually, shut down. That was their idea of social mobility.

We have introduced new flexibility to the tenancies that can be offered to new social tenants. When councils want to continue to offer lifetime tenancies, that is fine—if it is in the best interest of their tenants. When councils want to do something more flexible, they will have that flexibility in order to manage their stock much more effectively and to give hope to the millions of people languishing on the record waiting lists that have developed over the past 13 years.

Today, I have also issued directions to the social housing regulator as a vital step towards putting all these various social housing reforms into effect. Alongside that, I am completely committed to protecting the most vulnerable and helping to prevent homelessness, and Members should be aware that I have established the first ever cross-ministerial working group, which brings together eight Departments and will help to solve the problems of homelessness.

We have already published our first plan, which is in place and will help prevent street homelessness, with the "no second night out" nationwide pledge meaning that, for the first time in this country, nobody should ever sleep on the streets for a second night—*[Interruption.]* I hear the right hon. Member for Greenwich and Woolwich (Mr Raynsford) say that homelessness is going up, and he is right, but the reason why is that we no longer fiddle the rough sleeping count, which his Government resolutely failed to do anything about, even though people pointed out that it was preposterous to claim that there were only—get this—424 rough sleepers, as his Government wanted us to believe, in the entire country. It was untrue, and we are tackling the issue. I have reconvened the ministerial working group, and we are producing a second report—on ending homelessness—which can be expected in spring 2012.

The measures in the housing strategy published today come from a Government who are committed to thinking in the long term about a stable housing market that works to the benefit of everyone. Taken together, these various different measures will provide a much needed boost for the housing industry, give 100,000 buyers the chance to own new properties and get their foot on the housing ladder for the first time, and lay firm foundations for housing growth in this country by creating the right legacy for future generations. I commend this statement to the House.

Jack Dromey (Birmingham, Erdington) (Lab): Housing matters. Good housing can make a world of difference to people's lives, but bad housing harms health and holds back kids at school.

Britain is gripped by a growing housing crisis. Does the Minister accept that he makes his statement on a day when the figures show that house building is down, homelessness is up, we have a mortgage market in which people cannot get mortgages, and rents are soaring in the private rented sector? Does he also accept that the extra £400 million to build only 16,000 more homes is but a 10th of last year's cut to housing investment of £4 billion?

Some of today's announcements are not without merit. The mortgage indemnity scheme is something that we have called for and was pioneered by Labour in Scotland. However, the Government must get this right. So I ask the Minister: how many lenders have signed up to the scheme? On the sale of council houses, can he guarantee today that, for every house sold, one will be built? Will local authorities be able to keep 100% of the receipts from right-to-buy sales, and will the new council homes be let at the so-called higher, affordable rent linked to market prices? Does he not accept that we cannot have a combination of falling stock and rising rents when the need for good council housing has never been greater? The announcement on the use of public land is welcome. However, does the Minister agree that it is nothing new? Press releases from his Department about where such schemes are happening demonstrate that such things were taking place back in 2006 under a Labour Government. Does he accept that this is the fifth time that the same initiative has been announced?

That goes to the heart of the problem. Today, much has been promised—much has been repeatedly promised—but, in 18 months under this Government, there has been a sorry saga of false dawns, failure and broken promises. The Minister boasted that he would beat Labour hands down when it came to house building, yet new homes are down 6% and housing starts are down 7%. Does the Minister accept his Department's figures? The Prime Minister once said that homelessness was a disgrace and, together with the Minister, he committed to tackling the issue. Since the general election, homelessness has risen by 10%, yet under Labour, it fell by 70%. Does the Minister agree with Crisis that his policies will make that situation worse?

The Secretary of State for Communities and Local Government has said that he wants to see more young families able to buy their first home, as he did. Yet research by Scottish Widows demonstrates that the average age of the unassisted first-time buyer will increase by seven years, from 37 to 44. However, one promise will be kept. When the Minister for Housing was the shadow Minister for Housing, he said:

"it's easy for a housing minister to catch your eye with a headline, but much harder to deliver more homes."

He has been true to his words. After 137 housing announcements, the facts are clear: on every measure, this Government are failing to deliver on housing. The contrast with Labour in government could not be more dramatic. There were 2 million new homes, including 500,000 affordable homes; 1 million families buying their own homes; 1.5 million social homes brought up to standard through the decent homes programme; and tenants' rights were protected.

Urgent action is needed now. Will the Minister accept that we should repeat the bankers' bonus tax, so that we can build 25,000 new affordable homes and create 100,000 jobs for our young unemployed to kick-start the economy? Will he support our proposal for a 5% cut to VAT on home improvements, as that would mean that more homes were in a better condition?

There is a human cost to this growing housing crisis: the damp flat where the baby is always ill; proud parents desperate because the kids they love cannot get a mortgage; small construction companies struggling to stay afloat; unemployed building workers desperate to get a job. Those people have had enough of false dawns, grand plans and press launches followed by broken promises and a failure to deliver. Sadly for them, a decent home at a price they can afford has never been further away than it is today.

Grant Shapps: I am very grateful to the hon. Gentleman for welcoming at least some sections of this policy—and, indeed, for laying claim to inventing some sections of it, I note from him and his colleagues in Scotland. When he says that these measures add up to £400 million in the get Britain building fund, he forgets that we have also announced £500 million for infrastructure projects; a multi-billion pound fund in the new homes bonus, and I do not notice any of his colleagues sending funds back to the Department as we distribute this year, we think, more than £400 million through that alone; and numerous other spending commitments, including the empty homes programme for £150 million—oh, and £4.5 billion to build more social and affordable homes. I am grateful to him for counting up the 137 measures, but it is a little disingenuous to take one of them and claim that that is the summary of the document. It is, as he rightly says, one of many measures.

The hon. Gentleman asked some specific questions, so let me try to answer them. He asked how many lenders have signed up to the mortgage indemnity programme, and I can tell him and the House that 80% of lenders have done so. That is a good deal better than the scheme that many of us will remember from our time in opposition. The then Prime Minister came to this Dispatch Box and launched a scheme, and that was the first time many of the lenders who were supposed to be participating in it had heard of it. So yes, the scheme is being widely welcomed, and I am pleased that he is welcoming it himself.

The hon. Gentleman asked whether the right to buy will be a one for one, and the answer is that it will. That is possible because of affordable rent and our having put that scheme together. *[Interruption.]* Opposition Members ask how. The simple answer is that affordable rent relies on money coming in from the private sector and from the housing associations to help to fund those homes. It is not simply the case, as with old-fashioned social house building, that the state is putting the money in. We have seen this work with affordable rent. That is why our programme to build 150,000 social and affordable homes was over-subscribed, and we are now producing 170,000 homes from it. We know that there is still latent demand in that programme, and we will use the receipts from the right to buy to make sure that we can build more.

The hon. Gentleman mentioned homelessness, for which he says that the figures are higher. I want to challenge his figures. For one thing, the Council of Mortgage Lenders confirmed only last week that repossessions are lower this year than was projected—and, indeed, lower than the previous year as well. That is made possible by the record low interest rates that are possible only because we have managed to set out a credible plan to control the deficit. I should also point out to the hon. Gentleman, who has not been in the job for all that long—by the way, he is the eighth Labour shadow Minister I have faced—and will not have the track record to recall this, that there are fewer people in temporary accommodation this year than when Labour was in power.

The hon. Gentleman rightly asks about the number of new homes and points out, rightly, I believe—there is no reason to doubt this figure—that 1 million new homes were built during Labour's 13 years. He forgets to mention, though, that 2 million new people were coming into the country, so we ended up with a huge housing shortage. In any case, the net result in terms of social housing was a net reduction, with 200,000 fewer social homes.

The hon. Gentleman mentioned Labour's plan—it is, as far as I know, its only housing policy; we have spotted or detected no others so far—which is that old chestnut, the bankers tax. Forgetting that we have already raised the bank levy to £2.5 billion a year for 10 years, the Opposition want to raise this money again and to spend it, I have calculated, for the 10th time over. With it, they will produce just 25,000 homes. I suggest that he spends this evening and perhaps this week reading the document. These 137 measures go well in excess of 25,000 homes. VAT was the other big ask. To add to the debt when we have a debt crisis by lowering VAT would be economically inept.

Finally, the one thing that has kept people in their homes more than anything else that any Government could do, as has been demonstrated in Italy, Ireland, Spain, Portugal and Greece, has been keeping interest rates low. This country's plans to reduce the deficit have been received as credible, meaning that we enjoy all-time record borrowing levels. It is that which will help more people to own a home in the future.

Several hon. Members *rose—*

Mr Speaker: Order. A large number of right hon. and hon. Members are seeking to catch my eye, which means that there is a premium on brevity, an object lesson in which is invariably provided by Mr John Redwood.

Mr John Redwood (Wokingham) (Con): Will the Minister tell us what receipts he plans to get from all the sales that he has identified?

Grant Shapps: This is a large document and the receipts will come in many forms. The money that we are announcing for things such as the get Britain building fund will be recycled into building more homes, as will the money from the right-to-buy sales. I will write to my right hon. Friend with a more detailed note on precisely what we expect the receipts to be.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): May I draw attention to my interest as declared in the register? The Minister claimed that housing starts are up by a quarter under this Government. The opposite is true. In the past 12 months, the number of new homes started in England is below 100,000 and is 7% lower than the level over the previous 12 months. As the Minister has such a tenuous grip on what is actually happening in the market, why should we believe a word that he has said today?

Grant Shapps: I am sorry to have to challenge the right hon. Gentleman on this issue, but housing starts are up by 24% under the coalition compared with the comparative period under Labour. I have the figures here for each quarter. I will not stretch your patience, Mr Speaker, but I will happily drop the right hon. Gentleman a note on those figures. If one compares the period that we have been in office—roughly 18 months—with the same period before, housing starts are up by 24%.

Simon Hughes (Bermondsey and Old Southwark) (LD): I welcome the statement warmly. Will the Minister assure me that his Department is continuing to talk to the Treasury about further incentives to ensure that land that is held sterile because developers will not develop it is brought back into use for housing, particularly in urban areas where it is needed?

Grant Shapps: I can definitely reassure my right hon. Friend that that is exactly the intention of our housing strategy. A number of our recommendations and policies will lead to that conclusion. It is important to get work moving on land that is available, particularly where planning permission has been granted. That is exactly what we intend to do.

Jeremy Corbyn (Islington North) (Lab): Some 30% of constituents in my inner-London constituency live in private rented accommodation without security of tenure and with very high rents. Many of them are threatened with eviction because of the Minister's changes to housing benefit. Does he not think that it is important to bring about real changes in the private rented sector by giving longer-term tenancies at fixed rents, and at the same time to deal with the problem of homelessness in London by building more council housing as quickly as possible?

Grant Shapps: I agree with the hon. Gentleman that the answer to many of these problems is to build more homes. That is why "Laying the Foundations" puts such a big emphasis on that. He might also be surprised to hear that I agree with him that we need to ensure, as the private rented sector has expanded from 8% to 16%, that the quality is of a sufficiently high standard. I will be doing more work on that in the coming months and will report back. I should also say to him that satisfaction levels in the private rented sector are about 85%, which compares favourably with the social sector, where the satisfaction level is 81%. I take his points and will certainly reflect on them.

Mr Stewart Jackson (Peterborough) (Con): I warmly welcome my right hon. Friend's strategy and statement. In particular, I welcome the mortgage indemnity scheme and the undertaking to produce guidance and regulations on housing allocations for armed service personnel from December 2012. May I impress upon the Minister that there must also be assistance for local housing authorities that want to prioritise in their housing allocation those with a local link, poorly paid workers and those who make demonstrable efforts to improve their community?

Grant Shapps: I can tell my hon. Friend that I have today issued new directions to the social regulator that cover each of the points that he has raised. In particular, I know all Members will join me in the belief that it is essential that this country properly and correctly honours the sacrifice of those who have been out and fought for this country. That is explicit in the new directions, as is much more flexibility to take into account, for example, whether somebody is working, and whether that should be considered a positive attribute in gaining access to social housing.

Diana Johnson (Kingston upon Hull North) (Lab): A year ago today, the Government axed a £160 million scheme to build new houses in my constituency to rent and buy. Will my constituents see the benefit of any of the money that has been announced today?

Grant Shapps: I think that is a reference to the housing market renewal areas. *[Interruption.]* Perhaps the hon. Lady would like to drop me a note, because I may have misunderstood which funding she was referring to, and then I will be very happy to respond in detail.

Alok Sharma (Reading West) (Con): The new homes bonus has been welcomed by councils up and down the country that are delivering new house building. Does my right hon. Friend agree that incentivising local communities and councils in the right way is absolutely the right approach to deliver new house building?

Grant Shapps: That is right. More than 40% of local authorities report that the new homes bonus is making it easier to propose and introduce new housing in their local areas, which is very important. Last year, nearly £200 million of new homes bonus was paid out, and this year we expect to pay out more than £400 million. Incidentally, there will be a boost of another £19 million for the affordable social housing that has been included in the scheme. That approach is very important indeed.

Sheila Gilmore (Edinburgh East) (Lab): The Minister has made it clear that the one-for-one promise on council house sales appears to depend on higher rents. How does that square with the Government's intention to keep housing benefit down?

Grant Shapps: As with the general affordable rent programme, what will typically happen is that people will be brought out of the private rented sector and into the affordable rent sector. Rather than paying 100% rent, people will be paying affordable rent, which in London, for example, is just 65%. That does indeed keep the pressure on housing benefit down.

Nigel Adams (Selby and Ainsty) (Con): Will the Minister explain at exactly what stage the taxpayer will become liable under the mortgage indemnity scheme should there be a default on a mortgage?

Grant Shapps: Yes, I certainly can tell the House a little more about the mortgage indemnity scheme. It has principally been worked up by the Council of Mortgage Lenders and the Home Builders Federation. They had hoped to produce it on their own, without Government backing, but that was not possible.

First, the home buyer will put down a deposit of at least 5%. That is the first chunk. Secondly, the home builder will put money into an indemnity fund. It will stay there for seven years, and they will not be able to touch it. They will get it back after that period. Only after those two mechanisms have failed will the Government step in to back the mortgage. Lenders will pay a fee to be part of the scheme as well, so overall we believe it will be excellent value for money for the taxpayer.

Austin Mitchell (Great Grimsby) (Lab): Is this not going to lead to two-class housing development? For those who can afford to buy, which is to say the first

[Austin Mitchell]

class, there will be subsidies and support. For those who cannot, who are a large proportion at current prices, the choice will be either council and social housing, which will be treated like a transit camp and will shrink as it is flogged off at knock-down prices, or a private rented sector that is unregulated and in which there is no security of tenure, rents will be rising and housing benefit will be cut. Is not the only answer to build more public housing for rent?

Grant Shapps: I am sorry, but I think the hon. Gentleman has misunderstood some of the principles behind the scheme. Unlike when the previous Administration were in office, we are not going to have declining social housing stock. We are going to build one-for-one replacements for every home that is sold through the right to buy. Of course, he is right that there are different types of housing for people who purchase and those who rent through intermediate rent, affordable rent and social housing. That is why we are proud to have put £4.5 billion to date, before this housing strategy, into building more affordable and social homes in this country.

Sarah Newton (Truro and Falmouth) (Con): The 20,000 people living in Cornwall and waiting for a home to rent will welcome today's news. Does my right hon. Friend agree that villages and towns in my constituency and across the country should get a plan in place now, so that local people decide the number and type of houses that their communities need?

Grant Shapps: I absolutely agree with my hon. Friend, who is right that all our plans, including the national planning policy framework, the Localism Act 2011 and the housing strategy document, lead towards local communities having far more say. Of course, the first thing that they should do is set out their own plans with their local population.

Joan Ruddock (Lewisham, Deptford) (Lab): Will the Minister accept that, in an area such as Lewisham, where there are below-average incomes, a lot of unemployment and very high house prices, finding a deposit of £10,000 is absolutely impossible? What time frame would he put on housing the 17,000-plus families in my borough of Lewisham into affordable and decent homes?

Grant Shapps: The only answer for the right hon. Lady's constituents is for us to build more homes and to get a more flexible, dynamic and mobile housing market in this country. She is absolutely right, and I have every sympathy with her constituents. Throughout London, the average deposit is something like £60,000—it is completely unattainable. However, I hope she will join me and—I think—her Front-Bench colleagues in welcoming the indemnity scheme, which means that from now on, deposits will come down to £15,000 from £60,000.

Bob Russell (Colchester) (LD): Bob the builder welcomes this statement. It is a statement of fact that the previous Labour Government in 13 years built fewer council houses than the Thatcher Government achieved in 10 years. The Minister has said that the Government can help by making more public land available, but will he specifically consider sites such as Severalls hospital in Colchester, which the previous Labour Government left to rot for a duration greater than that of the combined total of two world wars?

Grant Shapps: My hon. Friend is absolutely right about our burning ambition to ensure that we out-build—in social houses as well as in houses generally—anything that happened in the previous decade or two. He is also right that building on public sector land is an ambitious programme. I can update the House by saying that we have identified sufficient land for about 82,000 homes so far. That is without going through all Government Departments and arm's length bodies. Indeed, we have not gone through the smaller sites—those for less than 40 homes—that could be used fruitfully to build houses. I am not familiar with the site that my hon. Friend has mentioned, but I would be very happy to discuss it with him.

Mr Michael Meacher (Oldham West and Royton) (Lab): How can the Minister justify encouraging home buyers to raid their pension pots to pay down their deposit, which would be a reckless running down of limited pension savings for retirement? Will not mortgage indemnification lead to losses of millions for taxpayers when home buyers are forced in their thousands to default as a result of prolonged and deepening recession and rising unemployment?

Grant Shapps: I do not see it that way at all. For a start, it is not clear that people who are saving for a deposit are at the same time using the same money to save for the pension funds, as the right hon. Gentleman has described. Secondly, it is obviously a lot easier to save £8,000 or £10,000 than to save £35,000 or £40,000, which is the average deposit today, so I do not think that what he says is true. We do not think that the Government will be widely exposed through this scheme for the reasons that I have already described—I will not labour the House by describing them again.

Jeremy Lefroy (Stafford) (Con): In Stafford, we have more than 500 long-term empty houses, which has been the number for many years. I welcome the announcement of the £150 million, but will the Minister kindly advise us when that will be forthcoming and how it can be applied for?

Grant Shapps: I am pleased to let my hon. Friend know that in addition to the £150 million in the housing strategy, which will be delivered quickly—the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Hazel Grove (Andrew Stunell) has been working on that scheme and will announce more shortly—we have delivered, through the new homes bonus, which Opposition Members often deride, 16,000 empty homes in just one year back into proper use.

Stephen Pound (Ealing North) (Lab): The Minister will be aware that today the right to buy involves not the Parker Morris street freeholds—they are long-gone—but high-rise, tower-block leaseholds. What steps is he taking to warn potential purchasers of such leaseholds that they will incur considerable and significant future costs for management, maintenance and structural work?

Grant Shapps: The hon. Gentleman makes a reasonable point. There have been issues for leaseholders, and I spend much time considering that and working with them. Each of us tends to characterise what we think is left of the social housing stock—by the way, there are 4 million social homes, nearly 1.8 million of which are in the council and ALMO sector—and to think that the homes that we know are representative of them all. In my constituency, by and large we have street houses rather than tower blocks. Around the country there remains great diversity in the sorts of homes available, and I am sure that the renewed right to buy will be really popular.

Mrs Anne Main (St Albans) (Con): I welcome much in my right hon. Friend's statement, but I have concerns about how the indemnity scheme will work. In an area such as St Albans, which is ringed by green belt, which does not have shovel-ready sites but which does have high house prices, what hope can he give to constituents of mine who would like to access the starter homes that are old period houses? We will not build loads of brand-new starter homes in an area such as St Albans.

Grant Shapps: My hon. Friend and I share a boundary between St Albans and Hatfield. That area used to be an aerospace site and is now available for quite a lot of house building, but that aside—I make no apology for this—we consider it important that we focus our efforts on building new homes. Every home built supports two jobs, which is important for employment and gross domestic product growth. We are therefore focusing on new homes, not just for first-time buyers but for anybody who wants to buy a new home.

Hazel Blears (Salford and Eccles) (Lab): The Minister and the Secretary of State will be well aware that the people of Pendleton have been waiting many months for the conclusion of their £150 million private finance initiative project, which will result in 800 new homes, 1,200 refurbished homes and hundreds of construction jobs. When will the Minister sort this out? The people of Pendleton need hope for the future, and if he could do it in time for Christmas, it would be extremely good.

Grant Shapps: The right hon. Lady has been a doughty champion for her residents, and it will not be too long before I can deliver further news.

Richard Graham (Gloucester) (Con): I welcome the Minister's announcement, particularly on his indemnity scheme, which will stimulate the housing market in general and, more specifically, accelerate sales for the development of Kingsway in Gloucester, triggering badly needed infrastructure, such as a new surgery. Does he agree that the growing places programme is well suited to resolve section 106-related hold-ups to brownfield site developments, such as the one at the former Van Moppes chemical site on the Bristol road, which he visited with me some time ago?

Grant Shapps: My hon. Friend is absolutely right. Between the growing places fund and the get Britain building cash announced today in the housing strategy, there is ample room to get some of these stalled and stuck sites, such as the one I visited in his constituency, building again.

Mr Andrew Love (Edmonton) (Lab/Co-op): I want to press the Minister on the one-for-one policy: the Government are increasing the discounts to 50%, and in return the affordable rent policy is meant to make up the difference. Will he guarantee the one-for-one policy? If it does not happen, what action will he take?

Grant Shapps: I would not have the confidence in this policy had we not already launched the affordable rent programme and discovered that it was over-subscribed. So we already have the contacts with councils and housing associations saying, "We want to do this, and we have a site to do it". However, the Government did not have enough money to allow it to happen. We know from the size of the receipts that we will have sufficient money left over, after paying down the housing debt, to replace on a one-for-one basis.

Mr David Nuttall (Bury North) (Con): I remind the House of my interest in the Register of Members' Financial Interests. Does my right hon. Friend agree that a central plank of any housing strategy must be a thriving and vibrant private rented sector, which should not be restricted by even more regulation, as suggested by the Labour party?

Grant Shapps: The private rented sector is absolutely vital, as my hon. Friend suggests. One of my predecessors, whom I shadowed, suggested putting rent controls back in place. However, it is instructive to consider that when rent controls were in place, the private rented sector shrank from more than 50% to just 8%. Once they were removed, it doubled back up to 16%. It is important not to burden the private rented sector with too much red tape. Having said that, however, it is also important to ensure that the quality is sufficiently high, as I said a few moments ago, and we will be doing more work in that regard.

Alison Seabeck (Plymouth, Moor View) (Lab): I make my usual declaration of an indirect interest. I received an e-mail this morning from the Minister for the Armed Forces that listed the Ministry of Defence sites in my constituency that were going into the public land pot. I made some inquiries, and the Minister should hear the answer to them. The MOD is slowing down the submission and is in no hurry to bring forward development on the site. Indeed, it is acting completely against the e-mail from the Minister for the Armed Forces, to the extent that we are now considering removing the housing element of that site. Does the Minister have any certainty that his Government's left hand knows what their right hand is doing on this?

Grant Shapps: I am grateful to the hon. Lady—my seventh shadow Housing Minister—for making that point, which I would be happy to look into in more detail. The instruction to ensure that government land is properly used and distributed for housing has come straight from No. 10, and I will ensure that I follow up on that request.

Andrew Selous (South West Bedfordshire) (Con): I draw attention to my declaration in the Register of Members' Financial Interests. May I encourage my right hon. Friend to keep putting families at the front and centre of his policy? More than 15% of UK families

[Andrew Selous]

face over-burdensome housing costs, and many couples are putting off having children because of the high cost of housing.

Grant Shapps: My hon. Friend is right, and today's housing strategy is very much about putting the family front and centre. We have already done a number of things, such as scrapping the density targets, which led to too many flats and not enough family homes. Today's announcement, and in particular the mortgage indemnity, will be widely welcomed by families across the country.

Mr David Hanson (Delyn) (Lab): *Hansard* will show that the Minister was clear that this is new money, rather than recycled money. If that is the case, will he say what the consequential is for Wales, Scotland and Northern Ireland, otherwise we might believe that the money is perhaps not new but recycled? Secondly, are builders in the indemnity scheme building simply in England rather than nationally?

Grant Shapps: On the first point, the Barnett consequential formula will apply, which means £400 million for England. On the second point, there will now be discussions with the devolved Administrations to see whether they are interested in the indemnity scheme.

Geoffrey Clifton-Brown (The Cotswolds) (Con): I draw the House's attention to my entry in the Register of Members' Financial Interests. I welcome my right hon. Friend's announcement this afternoon of measures to reduce the 738,000 empty houses, which are a shocking waste of our built environment. Can he say what effect he thinks that those measures will have? He might also be interested to know that there were as many empty houses at the beginning of the 13 years of Labour Government as there were at the end.

Grant Shapps: I am grateful to my hon. Friend for that second statistic, of which I was not aware. Those empty houses are indeed a scandal, no matter who they have remained empty under. The Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Hazel Grove will lay out more details of the new, enlarged fund to tackle the empty homes. It is important that we tackle them not only through some of the traditional methods, but by taking people who may be unemployed and reskilling them, using apprenticeships and much else, to ensure that we bring as many homes as possible back into use.

Graham Jones (Hyndburn) (Lab): Satisfaction among people in the private rented sector is certainly way below 85% in my constituency. The Minister talks a good game about the private rented sector and tackling some of the worst rented properties. However, may I remind him that he is the Minister who rolled back regulation on houses in multiple occupation, did away with Labour's register of private landlords and is about to introduce a universal credit direct payment to landlords, none of which will help my constituents in poor housing? Can he give me some examples of what he will do to deal with the private rented sector in the next year?

Grant Shapps: Yes. I have had a good look at the range of powers available to the hon. Gentleman's local authority, and I hope that he will join me in ensuring that it is properly using them to ensure that tenants in the private rented sector are getting a better deal. I know that his work, joined with mine, will help to make their lives a lot better.

Mark Field (Cities of London and Westminster) (Con): I fully support what the Minister has said about aspiration and today's first-time buyers taking advantage of something that he and I—as almost-baby boomers—took for granted. However, does he understand some of the unease about the idea of using potentially billions of pounds for a Government guarantee in this area? At what point does the inflated housing market have to fall for that to come into play?

Grant Shapps: I am grateful to my hon. Friend for describing me as part of the baby boomer generation. As I have described, this is not a multi-million pound exposure for the taxpayer. In actual fact, a number of things have to happen before the taxpayer experiences any loss—not least because the lenders are paying for the scheme, because the people building the homes are paying into a pot and, of course, because there is a deposit that has to be paid first. We are carrying out a wide range of modelling, which we will release shortly as part of the consultation for the scheme. I know that my hon. Friend will take a great deal of interest in those numbers.

Ian Mearns (Gateshead) (Lab): The Minister may be aware that my borough of Gateshead already has significant unmet need, and we anticipate that something like 6,000 households will be forced to seek alternative accommodation when the housing benefit changes kick in. Will the Minister guarantee that to tackle this impending crisis, Gateshead will get more than the £68,000 new homes bonus that we got last year?

Grant Shapps: In many ways, it is entirely in the hands of the hon. Gentleman and his local authority. The more homes that are built, the more money that will flow. We have made the system disproportionately advantageous to local authorities with lower-than-average council tax banding, because we have used the national average, which favours authorities with below-average rates.

Iain Stewart (Milton Keynes South) (Con): Is my right hon. Friend aware that the National House-Building Council, which has its headquarters in my constituency and celebrated its 75th birthday last week, has widely welcomed this package of measures? In particular, it thinks that the indemnity scheme will go a long way to unlocking the supply of mortgages.

Grant Shapps: I am grateful to my hon. Friend for pointing that out. The NHBC is important, as it guarantees the quality of new homes with its own insurance scheme. Clearly, if the indemnity scheme is to work, it will require all the different partners in the sector to work with the NHBC. I am grateful for its comments and for my hon. Friend's.

Stephen Gilbert (St Austell and Newquay) (LD): As possibly the only Member to have been elected last year while still living at the hotel of mum and dad—[HON. MEMBERS: "Aah"]—I welcome much that is in this ambitious document. I want to press the Minister on land disposal. How much public land has been identified by the Government and what impact will below-cost disposal have on the assumptions in the comprehensive spending review?

Grant Shapps: I am sure that my hon. Friend will be delighted with the indemnity scheme—or perhaps he has missed the boat already. The public sector land disposal programme has, I think, identified 83,500 potential plots, and I should add that that comes from only five different Departments. We still have arm's length bodies, there are still the other Departments and plots with fewer than about 40 homes have not been taken into account at all, so we are confident of being able to go a lot further. My hon. Friend asks about the receipts. The simple answer is that if these pieces of land are not being used and are unlikely to get used under the current programme, things such as the build now, pay later scheme can unlock the land and improve the profile of receipts to the Treasury and taxpayer rather than worsen them.

Martin Vickers (Cleethorpes) (Con): The Minister will be aware that as a result of changing shopping patterns, many of our towns have boarded-up empty shop properties, many of which are substantial buildings that could easily be brought back into housing use. Will he explain what plans he has to do that? In the case of my constituency, this would provide a better and more attractive environment for the town and attract more visitors, which would boost the tourist trade.

Grant Shapps: I appreciate that there might be times when the mix is wrong. Having said that, we want to ensure that we do not destroy vibrant potential business areas. I confirm that we are looking at use class orders, for example, and we will have more to say about that shortly.

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): I declare my entry in the Register of Members' Financial Interests. Will my right hon. Friend spell out what he proposes to do about the misuse of tenancies?

Grant Shapps: My hon. Friend is right to mention the misuse of tenancies. There is considerable detail in the proposals about some of the plans that we intend to take forward. Housing fraud and abuse cost this country something like £5 billion to £10 billion a year. That covers everything from high-income, six-figure-salaried tenants taking up council housing that is meant for vulnerable people to people sub-letting homes when they already have their own home and people getting homes even though they have a home here or somewhere else. There is a wide range of abuse, and my hon. Friend will be pleased to see some of the detail in our housing strategy.

Andrew Percy (Brigg and Goole) (Con): I feel that I should declare that I do not have an interest.

During my 10 years as a city councillor I observed that the top-down approach helped to slow down house building in many areas, and I therefore welcome the proposed changes. I particularly welcome the commitment to build more social housing, which is much needed in my part of the world. However, may I press my right hon. Friend on the section 106 reforms? During my time as a councillor, I observed that section 106 could deliver some very good community benefits, but that it could also hold up developments. Will my right hon. Friend assure us that when there is development in a local community, that community will benefit from it in some way?

Grant Shapps: I think it enormously important for communities to benefit, and I know that Members in all parts of the House share my view. The community infrastructure levy, the new homes bonus and, indeed, section 106 all play their part in that. What concerns us, however, is that some of the deals negotiated during the boom times are now preventing developments from going ahead. It is better to have housing than to have no housing, so we are inviting people to take part in "pre-April 2010" negotiations in order to unlock some of those sites.

Mr Peter Bone (Wellingborough) (Con): The Minister has been very good at the Dispatch Box today, just as he was very good in the radio studios this morning when he was grilled by journalists. Is it not a shame that he did not make his announcement to the House first?

Grant Shapps: As you will know, Mr Speaker, I issued a written statement at 9.30 am in addition to my oral statement. However, my hon. Friend is right to point out that we deplore those who deliberately leak Government policy. Such leaks often happen because, in the case of documents such as this, it is necessary to work with third parties—there is no way round that. We always encourage them not to send out details of what is inside the documents, but unfortunately we are not always successful.

Alec Shelbrooke (Elmet and Rothwell) (Con): My constituents will be overjoyed about the document tonight, not least because it will take the pressure off greenfield sites all over my constituency. Thousands of permissions have been granted on brownfield sites in Leeds. Does my right hon. Friend agree that the document gives developers nowhere to hide, and that those brownfield sites need to be developed?

Grant Shapps: I look forward to visiting my hon. Friend's constituency, where people will no doubt be dancing in the streets this evening. Local authorities and local people must make delicate decisions about where it is right to build and where they do not want building to take place. The Government are proud to have returned those powers to local communities. That is absolutely the right place for them, as the housing strategy confirms.

Amber Rudd (Hastings and Rye) (Con): I particularly welcome the release of public sector land to boost housing construction, but will the Minister assure me that the build now, pay later scheme will mean that taxpayers have an IOU ensuring that, when the houses are eventually sold, they will get the money back?

Grant Shapps: Yes, I can give my hon. Friend that assurance: obviously the taxpayer must get the money back in the end. Indeed, I can go one step further in saying that we will impose conditions on how quickly developments are created and houses are built. We can get things moving faster by using that mechanism.

Jason McCartney (Colne Valley) (Con): Given that there are 11,000 long-term and short-term empty properties in my Kirklees council area and 350,000 empty properties in the country as a whole, does my right hon. Friend agree that, while today's announcements are welcome, we need to give councils and communities greater incentives to bring those empty properties back into use?

Grant Shapps: That is absolutely true. Without putting too fine a point on it, it is a scandal that 700,000 or 750,000 properties are empty when so many people are in desperate housing need. As the hon. Member for Birmingham, Erdington (Jack Dromey) has rightly pointed out, the housing strategy takes account of all the decisions that have been made to date and then presents new proposals. We concluded that we wanted to add another £50 million to the £100 million fund for empty homes that already existed. We shall certainly want to work with my hon. Friend's local authority and indeed with everyone else, including social enterprises, to ensure that those empty homes are returned to use.

Robert Halfon (Harlow) (Con): I refer Members to my entry in the Register of Members' Financial Interests.

Will my right hon. Friend confirm that, under the reforms, housing money raised in Harlow will be spent in Harlow, and that we really will have Harlow housing money for Harlow people?

Grant Shapps: Our intention is to ensure that where there is demand, we can create the housing. The money will cease to be transferred via the centre and then be paid out again. That is what has happened for many years through the housing revenue account, but we are reforming that system. We have confirmed that today in the housing strategy, and as a result about £30 billion of debt will be reallocated around the system and in future be spent locally.

Annette Brooke (Mid Dorset and North Poole) (LD): How will the Government monitor whether their welcome promise to build a new social home for every one sold under the right to buy is fulfilled, and how will they ensure that if there is a clear and overwhelming need for family homes, the new properties will not be two-bedroom flats?

Grant Shapps: My hon. Friend is right that we must know what is going on with these sales, and I will set that out in more detail in a further document shortly, so she will be able to study the details and provide feedback. Broadly, we know where a house has been sold, so it is not too difficult to track that money and make sure that another property is built, and we will ensure that that happens.

Andrew Bridgen (North West Leicestershire) (Con): My constituency has a huge interest in there being a healthy house building industry, as we are home to not only many large and small construction companies, but many companies that supply materials to the house building sector, including the largest brick factories in the country. Does my right hon. Friend agree that our newly unveiled housing strategy will start to transform opportunities for hard-working people in North West Leicestershire and across the country?

Grant Shapps: I am grateful to my hon. Friend for his question, because he is absolutely right. Lenders are not lending; builders are not building; people cannot buy; and the whole construction industry supply chain has effectively ground to a halt. This strategy is designed to deliver precisely what he has called for. We want to make sure that jobs are created again in those sectors to support more house building in this country.

Stephen Mosley (City of Chester) (Con): May I press my right hon. Friend a little further on a question that he answered a few moments ago? He said new houses will be built on a one-for-one basis. Will they also be built on a like-for-like basis, so that, for instance, if a three-bedroom family home is sold, it will be replaced by another three-bedroom family home, not a one-bedroom flat?

Grant Shapps: My hon. Friend will recognise that some of the homes in question will, of course, have been built a long time ago, and current housing needs might be different from what they were in the past. That can work in both directions, as it were, and I will consult on the best way to implement this measure, as there is no point in building homes where they are not required. For instance, people might want to buy homes in an area that is currently experiencing depopulation, so there is nobody on the waiting list who wants a new home there. We will examine such issues very carefully, and I will welcome my hon. Friend's comments in the consultation.

Mr Marcus Jones (Nuneaton) (Con): I am encouraged by the success of the Firstbuy scheme, which is helping many first-time buyers get on to the housing ladder, and I am sure that the new build indemnity scheme that my right hon. Friend has announced today will be equally successful. Can he tell the first-time buyers in my constituency when that scheme will be up and running?

Grant Shapps: We aim to have the scheme in place by spring next year.

Points of Order

5.28 pm

Hilary Benn (Leeds Central) (Lab): On a point of order, Mr Speaker. Once again, a major policy announcement from the Department for Communities and Local Government has appeared in the newspapers before a statement has been made to the House. I refer in particular to the report on the *Financial Times* website on Saturday 18 November on the details of the mortgage indemnity scheme, and the front-page report in *The Times* of the same date about both the mortgage indemnity scheme and right-to-buy discounts. Mr Speaker, you have been consistently clear that statements about policy should be made to the House before they are made anywhere else. What can now be done, given that this is the third occasion when that has not happened in respect of a policy statement from this Department?

The Secretary of State for Communities and Local Government (Mr Eric Pickles) *rose—*

Mr Speaker: Order. Before I respond to the point of order, the Secretary of State is seeking to catch my eye, and I shall listen to him.

Mr Pickles: Further to that point of order, Mr Speaker. I want to give an assurance to you, Mr Speaker, that what appeared in the *Financial Times* and *The Times* on Saturday was not authorised by my Department or by any other Department. As my right hon. Friend the Minister for Housing and Local Government has explained, putting together policy statements necessarily involves talking to third parties, and it is a matter of some considerable regret that this information was released before we intended. It was our intention to release everything today.

Mr Peter Bone (Wellingborough) (Con): Further to that point of order, Mr Speaker. We regularly saw leaking under the previous Government, which was wrong, and I thought that things were going to be put right. Leaks may occur, but that does not explain why Ministers appear in the media and are grilled by journalists before they come to this House. I wonder whether that can be looked at.

Mr Speaker: I am grateful to the hon. Gentleman, the Secretary of State and the shadow Secretary of State for the point of order. Let me respond as follows. I was interested but concerned to hear the Minister for Housing and Local Government explain the position by saying that, though regrettable, it was not his doing and that those entrusted with the information had let it slip. It is not, I am afraid, a satisfactory excuse for a Minister of the Crown to say, "It wasn't us but those to whom we gave the information." Ministers are going to have to think rather carefully about the people to whom they entrust information in future. If they cannot be confident that the confidence will be respected, perhaps they ought not to divulge the information. I know that in these circumstances there is a tendency, particularly among old hands, for there to be a certain amount of smirking on the Front Bench but, frankly, it is not good enough—it is a rank discourtesy to the House of Commons and an abuse of Parliament. That is the reality. I deprecated this under the previous Government, but what happened in previous decades or under earlier Governments does not concern me. What I am concerned about is trying to bring about an improvement now.

Secondly, I say in respect of the point made by the hon. Member for Wellingborough (Mr Bone) that Ministers of course must make judgments about when they appear in the media, but they certainly should not allow themselves to be drawn into the pertinent matters that are to be addressed in the statement. If they now and again felt able to restrain themselves from appearing in the media until after they have addressed the House, I doubt whether either they or the nation would suffer.

Intelligence and Security Committee

[Relevant documents: The Government's Response (Cm 8168) to the 2010-11 Annual Report from the Intelligence and Security Committee is relevant. The Justice and Security Green Paper (Cm 8194) is relevant in so far as it relates to the Intelligence and Security Committee.]

Motion made, and Question proposed,

That this House has considered the matter of the 2010-11 Annual Report from the Intelligence and Security Committee (Cm 8114).—*(Mr Dunne.)*

5.32 pm

Sir Malcolm Rifkind (Kensington) (Con): I am privileged, as Chairman of the Intelligence and Security Committee, to introduce this debate on not only the Committee's annual report but the work of our intelligence agencies over the past year. It has been a particularly interesting year, in which we have seen a sea change in our intelligence agencies and the role that they play in the public debate of the nation: not only has the Justice and Security Green Paper been published by the Government, but only last week the Foreign Secretary, for the first time in our history, gave a lecture on the record—a public lecture—on the role of intelligence in foreign policy; over the past few months, the heads of the various intelligence agencies—the Secret Intelligence Service, the Security Service and GCHQ—have either given lectures or been interviewed on television or in the press about the work of their agencies and the role of intelligence; and the Intelligence and Security Committee has said in its annual report that we look forward to having, at least on one or two occasions, public sittings, for the first time in the history of the Committee, and we know that the Government see that to be appropriate. The fundamental reforms that we will be discussing today on the nature of the Intelligence and Security Committee and on the wider question of intelligence oversight mark a fundamental departure from the practices of the past.

Some might be entitled to ask, "Does this mean that secrecy is not as important as it used to be?" They might suggest that our secret services do not have to be as secret and that the secrets themselves do not require the same protection. Anyone who had that view would need correcting quickly and comprehensively. Of course there are secrets, and the basic role of these agencies is to carry out secret activities on behalf the nation as a whole.

Keith Vaz (Leicester East) (Lab): I welcome what the right hon. and learned Gentleman has said about this important matter. When the Select Committee on Home Affairs has sought evidence from the head of MI5 in the past, we have had to travel to its headquarters for a private briefing, sometimes with darkened windows. I welcome what he said about the fact that the heads of those agencies will be giving evidence to his Committee in public so that they can be cross-examined. Does he know when the first such sitting might be?

Sir Malcolm Rifkind: The heads of the agencies have been travelling to the Intelligence and Security Committee to give evidence—albeit in secret, not in public—for a good number of years, so precedent is not being broken. Some thought is being given to holding public sessions, and I certainly hope that will prove possible over the next few months. I cannot give an absolute commitment to that effect, but it is certainly what I would expect.

The nature of secret operations remains as crucial as ever. A much more mature approach is being taken to what Britain needs to remain secret and what is a legitimate question of public debate, even if the intelligence agencies are involved. When I first entered this House, and right up until the 1990s, the very existence of the intelligence agencies was never officially declared or admitted and those who led the agencies were very private figures whose identities were never revealed. Much has changed since enactment of the Intelligence Services Act 1994, but to this day some aspects of that approach remain very much in our eye. The question that must be asked is whether that is acceptable in a modern society. We have three intelligence agencies that collectively receive some £2 billion of taxpayers' money each year. That is serious money that inevitably needs not only private scrutiny but a degree of public scrutiny, too.

Secondly, the very fact that they are secret agencies in an open society means that there is a need for Parliament and the public to take a serious interest not only in the private but, where possible, in the public way in which the agencies operate. Of course, there is a third consideration, which is that as the very activities of the agencies involve the power to intercept communications or carry out operations that, without the authority of a Secretary of State, would be unlawful, they have a privilege that is not available to the rest of the community. If one thinks that this debate is taking place in the middle of a hacking inquiry when exactly that kind of interception was carried out by those who did not have lawful authority, one can see a clear illustration of why the needs of the agencies should be subject to a degree of transparency.

Mr David Winnick (Walsall North) (Lab): The Chair of the Committee mentioned that before 1994, there was no debate—or at least no acceptance and acknowledgment by the Government of the day—of the security services. Does he accept that during the 1980s some of us pressed for parliamentary scrutiny and used every opportunity in debates to say that there should be such scrutiny by Members of Parliament?

Sir Malcolm Rifkind: I not only acknowledge that but can say that both the activity of the hon. Gentleman and many representations from other hon. Members and those outside this House led in the 1990s to the Government changing the situation. I was Defence Secretary at the time and was involved in the discussions within Government that led to the 1994 Act, which set up for the first time the independent oversight machinery. We are now trying to discuss and consider the radical modernisation of that machinery, which has existed since 1994.

It is worth also making the general point that at the end of the cold war there was a debate about whether we still needed intelligence agencies and whether they needed the funding, powers and resources they had been allocated during the cold war. The famous phrase about its being the end of history was quoted at that time. I have always been sceptical of that phrase; I prefer an alternative view, which is that as one door closes another slams in your face.

Mark Field (Cities of London and Westminster) (Con): Although we accept that some radical change is clearly overdue, which will, we hope, be put in place, and accept that the change will be fluid because of the fluid international world in which we live, will my right hon. and learned Friend reiterate the importance of remembering that there will always be a need for certain information to remain secret? We do not want to throw everything out with the bathwater. There will always be a need for certain things to remain secret, even within this transparent 24/7 media world.

Sir Malcolm Rifkind: Yes, there are crucial requirements and anyone will understand why that is the case. The identity of intelligence officers can never be revealed. If it were, not only would they not be able to carry out their proper responsibilities but their very physical safety would be in danger. Intelligence operations and the ways in which intelligence is obtained, processed and dealt with should not become public knowledge. If they were, they would be available to our enemies and would cease to be available in that way in future. There would be no benefit in having intelligence agencies unless that fundamental secrecy applied—that covers all the areas that are relevant to the operational work they do and the benefits they provide for our society.

In the years since the end of the cold war, we have had the 7/7 bombings in London, which were very traumatic. Those terrible actions led to some deep soul-searching within the security and intelligence agencies. The perpetrators were British citizens who had been born in this country, but the agencies had not anticipated that event. In addition, there are problems with nuclear proliferation and cyber attacks, which might be aimed at Governments but cover a wide range of economic intelligence that is sought by foreign Governments and industrial interests. That is a matter of great significance.

Those new demands led the intelligence agencies to operate rather differently, which is a welcome development. The most significant point is that the intelligence agencies now work together far more than ever before. If one went to GCHQ on any day of the week one would probably find officials from the Secret Intelligence Service who had been seconded there for a significant period. The same would apply to the SIS and to each of the agencies in reverse. That is happening not because of some doctrinal view but because of the practical requirements of getting the best use of intelligence in this modern world and ensuring maximum public benefit. It is not too dissimilar to the way in which the Navy, Army and Air Force have increasingly realised that operations will involve all those services, or two of the three services, with joint activity becoming the norm rather than the exception.

The other big change, which I very much welcome, as does the Committee, has been the creation of the National Security Council. Not only does it provide an opportunity in general terms for strategic thinking, strategic planning and proper consideration under the Prime Minister, but for the first time the heads of the intelligence agencies attend meetings as of right and are able to ensure not only that they hear what is being said but that the intelligence they are providing is much more easily fitted into the requirements of Government so that the practical benefits of the intelligence is of much greater value.

Mr Tobias Ellwood (Bournemouth East) (Con): My right hon. and learned Friend talks about the change in attitude and style in the work of our security services. Does he agree that after 9/11, in a bid to counter the asymmetric threats, the clandestine services lost their way for a period? I think of such things as Guantanamo Bay, water-boarding, rendition, dodgy dossiers and so forth. Does he agree that with the freedoms that were given to those services in a bid to try to find Osama bin Laden and hunt down the enemy we lost the moral high ground for some time and that it has taken a while for us to redeem ourselves?

Sir Malcolm Rifkind: I certainly agree that serious issues came to prominence during those years, some of which were the responsibility of the agencies and some of which were more the responsibility of government. However, I think we should get this into perspective. So far as I am aware, not a single British intelligence officer has ever been accused of personally being involved in water-boarding, torture or maltreatment of an individual. The issue—and it is a very serious issue—is whether they were aware of those matters and whether they might indirectly have colluded in such activity. I do not wish to diminish the seriousness of these matters but it is very important to make that point and get things into perspective because the same is not true of many other countries around the world. That is an important point that has to be made.

I want to speak briefly about four points in the report and then say something about the issues in the Green Paper, particularly about what is called the control principle, with regard to the handling of intelligence. Finally, I shall address the reform of the Intelligence and Security Committee. I shall try not to detain the House too long. The first of the four points in the report I want to address concerns the single intelligence account—the £2 billion that goes to the intelligence agencies. They have had a very large increase over the past few years but a cut is now being imposed—and understandably so—of 11% if one takes account of inflation over the next four years. The Committee has said:

> "It is essential—given the fundamental importance to our national security of the Agencies' work—that the settlement is kept under review and that there is scope to adjust it if there is a significant change in the threat."

I know that every single recipient of Government funding would like to be able to say that, but I hope there is no dispute that when we are dealing with the fundamental issues of national security, if the threat were to change in a material way, it would not be acceptable to say that those resources could not be reviewed by a Government because that might in some way contradict public expenditure decisions. I have no reason to believe that the Government would take that view, but it is important to make that point, and that is what the Committee would like to stress.

The second point is the security that will be needed for the Olympics. The director general of the Security Service—again, I quote from our report—

> "told us that he considers the Service to be well placed to manage the risks that the Olympics will bring."

However, he added that

> "the effort required to cover the Olympics will inevitably divert resources from the Service's other work."

[Sir Malcolm Rifkind]

The Committee would like to emphasise that the National Security Council must take such steps as are necessary to minimise that risk. Although we understand that the Security Service is not at present making representations and feels that the task can be handled effectively, it is too early to be certain that that will remain the case and it must be kept under consideration.

The third point relates to cyber security. In its reports of 2008 and 2009, the Committee drew attention to the increasing risks this country faces from cyber attacks. The Committee welcomes the fact that the Government have said that cyber is now a tier 1 interest in our national security strategy and have provided more than £600 million in new resources for that purpose.

The Committee's concern is not those sums but the potential over-interest within Government in cyber matters. We note in our report that there are 18 units with responsibilities in this field across the three agencies—two law enforcement bodies and five Government Departments—and express our concern, which the Government share, about the risk of duplication. It is extremely important that these matters are looked at to ensure that, with such large sums and so many elements of Government involved, we do not do mischief to our own objectives.

Mark Field: I entirely endorse what my right hon. and learned Friend says. We feel strongly that there is a risk of duplication, with 18 bodies having some say in cyber security. We are grateful for the Government's commitment and provision of certainty of financing over a four-year period—the £600 million to which he referred. However, if in 2007 we had asked about the importance of cyber, it would have been largely off the radar. Does my right hon. and learned Friend agree that we must be aware that if this becomes a much bigger problem not just in governmental and military terms, but in commercial terms, by the end of that four-year period considerably larger sums might be required, along the lines of the provision for the Olympics?

Sir Malcolm Rifkind: I thank my hon. Friend for his contribution to the work of the Committee. He and I visited GCHQ and saw at first hand the increasing threat from cyber that this country faces from a number of sources. I therefore very much endorse his comments.

Mr Philip Hollobone (Kettering) (Con): I am enjoying my right hon. and learned Friend's speech immensely. In his Committee's report, in recommendations K and E, the Committee identifies a wider technological problem facing our security services. In recommendation E the Committee says:

> "We are concerned about GCHQ's inability to retain a suitable cadre of internet specialists to respond to the threat",

and in recommendation K it states:

> "The Committee recognises that the Security Service needs IT specialists in order to deliver its major technology projects. However, spending on consultants and contractors continues to increase at a significant rate."

Does my right hon. and learned Friend share my concern that although his Committee has identified this as a problem, the Government are not yet up to speed in providing the answer that his Committee seeks?

Sir Malcolm Rifkind: I very much welcome what my hon. Friend says. It is timely, because the Intelligence and Security Committee some months ago commissioned its own investigator to carry out a study of the use of contractors and consultants in the intelligence agencies. We found that they were used to a very high order and we have a number of recommendations, which we are analysing and will subsequently put to Government. I hope that many of them will be made public. Contractors and consultants can be very expensive and are not always the best way of using the resources available, but sometimes they have skills that the agencies could provide only at disproportionate cost to their wider interests. I very much welcome my hon. Friend's comments.

Geoffrey Clifton-Brown (The Cotswolds) (Con): Does my right hon. and learned Friend agree that the situation with cyber attacks is likely to get worse, rather than better? There are clear examples around the world of such attacks significantly disabling military installations and operations, so the Government must continue to regard that as a high-level threat. In contrast to what he has just said, it is the consultants working on this on the front line around the world who are likely to know the latest technologies, rather than those who have been employed by the intelligence agencies for some time.

Sir Malcolm Rifkind: There may be some truth in what my hon. Friend says, and obviously these matters must be taken on board. Given his comments, I will make the general point that we should realise that cyber technology can be a threat and an opportunity for this country and others. One need only think of the use of what has become known as the Stuxnet malware, which temporarily prevented the Iranians continuing with uranium enrichment, which might lead to nuclear capability. If that happened—obviously, the information available is limited—it is a positive example of how such technology might prevent military conflict or a war ever taking place. Technology is not peculiar to one side of the debate or the other, but we must protect our secrets and our information. I strongly endorse my hon. Friend's comments.

Richard Graham (Gloucester) (Con): Will my right hon. and learned Friend confirm that ministerial responsibility for cyber-security will be with the Cabinet Office and that that will in no way detract from the Foreign Secretary's overall responsibility for GCHQ?

Sir Malcolm Rifkind: That is one of the great dilemmas that Governments have faced and, I suspect, continue to face. It is not for me to comment on what the conclusion will be, but there has been some confusion on that. My hon. Friend will be aware that Baroness Neville-Jones at one stage had some responsibility for that within the Home Office, but she is no longer in government. It probably makes sense that the Cabinet Office has some sort of lead responsibility, but many loose ends still need to be addressed. If the Home Secretary or the Minister has any thoughts on those matters, I am sure that the whole House will be delighted to hear them when they reply to the debate, as it would deal with a problem that has been present for a considerable time and to which our report refers.

Dr Julian Lewis (New Forest East) (Con): For the sake of clarity, before some reporter's pen runs away with him, will my right hon. and learned Friend confirm that there was no suggestion in his remarks that UK intelligence services were responsible for the Stuxnet virus?

Sir Malcolm Rifkind: Even our worst enemies have not suggested that, as far as I am aware. I of course entirely confirm that.

My final detailed point on the report relates to a part of our intelligence community that is hardly even mentioned in this House or anywhere else: Defence Intelligence. It is part of the Ministry of Defence, but its contribution and role is greatly underestimated, if not entirely unknown, in the wider world, a point we draw attention to on page 51 of the report:

"Defence Intelligence provides the largest single all-source assessment capability within the UK intelligence community."

As it is part of the MOD, it has perhaps been more subject to resource reductions than the other intelligence agencies. The report states:

"The prospect of further cuts—combined with the impact of cuts to BBC Monitoring, on which DI relies heavily—therefore has potentially very serious long-term consequences for DI's ability to support military operations",

which everyone tends to know about,

"and for the UK intelligence community as a whole."

I hope that the Government can give some careful thought to how Defence Intelligence's unique contribution to the UK's overall assessment capability can be properly protected. I suggest that it perhaps needs a higher profile and status in the intelligence community than it has traditionally had so that there can be wider awareness of the benefits it brings to the national interest.

I deal now with the intelligence aspects of the Government's Green Paper, particularly the control principle and the ISC itself. As far as the control principle is concerned, many Members attending the debate will be aware that what I am referring to, and what the Green Paper refers to, is how we deal with intelligence received from other friendly intelligence services. Anyone who has any awareness of the intelligence situation will know that that is crucial to the UK, particularly our relationship with the United States. If the special relationship means anything, it means a dramatic amount of intelligence, which has continued for around 60 years and benefited the UK enormously. However, it concerns not only the United States; to a lesser degree, we share and receive intelligence from other friendly agencies as well. Fundamental to the system is the deep principle that intelligence shared with another intelligence agency will not be made available to any third party without the consent of the agency that gave it in the first place. That principle has overwhelmingly been respected, but there have been individual exceptions that caused great concern. Following the Binyam Mohamed case, the Court of Appeal decided that such information should be released in a limited set of circumstances, and that caused great concern in the United States and elsewhere. I and the Committee greatly welcome the Government's determination to deal with the matter in a way that strikes a proper balance between the national security requirement and the interests of justice, because that is the crucial debate in these matters.

Some might imagine that the Binyam Mohamed case was a one-off and that the Green Paper is an overreaction to the problem. With all respect, the Committee's view is that it is not an overreaction. Although the Court of Appeal's verdict might have been different in that case, we are today dealing with a situation that is very different from that which existed in the past. Information on this is given in the Green Paper, so I will share briefly with the House what the Government say. The Green Paper refers to judicial review, and not simply with regard to intelligence, but more broadly how it has increased over the years:

"Recourse to judicial review has increased significantly in recent decades, from 160 applications in 1974 to 4,539 in 1998. By 2010 the number of applications had reached 10,548."

Judicial review and the overruling of the Government's view—perhaps rightly in many cases—have become a major part of our judicial process, rather than an exception.

The raising of intelligence matters in court has also been transformed dramatically in recent years. The same page of the Green Paper states that

"in the first 90 years of the Security Service's existence"—

meaning MI5—

"no case impacting directly on that Service's work reached the House of Lords. In the last 10 years there have been 14 such case in the House of Lords or the Supreme Court."

That is no longer an exception, but increasingly something we must be aware of and decide whether the previous balance is the appropriate one in the wider national interest.

Another point of interest, and one I was unaware of until recently, is that one of the circumstances in which these matters are being raised is not the release of sensitive documents to help in UK legal cases, as sometimes happens, but often the request for the release of this information to assist legal proceedings in other countries. The Green Paper states on page 7:

"The Government has strained key international relationships and risked compromise of vital sources and techniques in no fewer than seven court cases in which the applicants sought sensitive UK Government-held but very often foreign government-originated information for disclosure into foreign legal proceedings."

Of course, Binyam Mohamed was such an example, because his appearance before a United States military commission led to the application in the first place.

Against that background and as the report states, I and the Committee very much welcome the Government's proposals to modernise the procedure and their recommendation that the United Kingdom use the closed material procedure and involve special advocates, as already occurs in several areas, to deal with such cases. The only alternative, traditionally, has been the public interest immunity approach, but that is a blockbuster approach, and if one secures such immunity one finds that none of the information can be seen by anyone.

At least under the special advocate procedure, the special advocate—someone who has been vetted to be able to inspect such sensitive material—will have the opportunity to see it on behalf of his or her client, and, although they will not be able to reveal detailed information, they will be able at least to take it into account when advising their client on judicial proceedings.

That is greatly welcome and a step forward, but the Committee wants to make this point. If these proposals are implemented, the situation will improve considerably,

[Sir Malcolm Rifkind]

but they do not provide an absolute guarantee that no information can ever be released at the insistence of the court, a fact that the Government acknowledge. Page 21 of the Green Paper states that closed material proceedings, involving a special advocate,

"reduce the risk of damaging disclosure of sensitive material."

Such proceedings do not remove the risk; they reduce it. Likewise, on the following page, the Green Paper states that a decision to allow a special advocate to be available can

"be reviewable by the trial judge on judicial review principles if the other side decides to challenge the Secretary of State's decision."

We are therefore dealing with a very curious situation. If the Government's proposals are accepted, the balance will change, and that is good and healthy, but the significant possibility will remain that in very special circumstances a judge might take a different view on such matters and the information could be released, with all the consequences that might flow from that.

Those who take the interests of national security very seriously indeed, as I certainly do and I am sure everyone here does, accept that, at the end of the day in a country that believes in the rule of law, the courts—in most circumstances, if not all—have to have the final word. I wonder, however, whether the Government ought to consider the argument that the provisions in the Green Paper need to be further strengthened: a belt and braces approach, which would not be inconsistent with the rule of law but would certainly provide added reassurance.

The Government have been good enough to refer in their Green Paper to the way that approach might be taken, and paragraph 2.78 on page 33 states:

"It would be possible for Parliament to provide the courts with clearer guidance in statute".

The proposal refers to public interest immunity cases, but it could apply to special advocate cases, and the Government go on to state in the next paragraph:

"One such presumption"—

written into statute as a "rebuttable presumption"—

"would be against disclosure of sensitive"—

national security—

"material owned by foreign governments, obtained via intelligence relationships working on the basis of the Control Principle."

That is exactly what we need seriously to consider. It would not be inconsistent with the rule of law, because at the end of the day it would be a rebuttable presumption, and the court would determine whether the presumption were rebutted.

As we have always known, the courts, when they interpret the legislation of this House, not only look at the words of an Act but try to identify, if they can, Parliament's intention in passing it. If the statute stated that there were such a presumption against the disclosure of intelligence received from a foreign, friendly Government, the court would be able at least to take that into account before it reached a final decision, so I and the Committee hope that the Government give that proposal serious consideration.

One of the main parts of not only our report but the Government's Green Paper concerns the future of the Intelligence and Security Committee, and although I note that it is a major issue I will not detain the House for long, as I hope to conclude my remarks in at most another 10 or 15 minutes in order to allow everyone else who wishes to speak the chance to do so. It is, however, a crucial matter.

Over a period of some 17 or 18 years, the Intelligence Services Act 1994 has become outdated: it no longer accurately describes how the Committee operates. That is part of the problem; another part of the problem is that the Committee, if it is to conduct its oversight effectively, needs additional responsibility and power.

It is worth remembering that when the 1994 Act was passed, the intention was not only that oversight would be provided for the first time, but that the public would be reassured that it was independent oversight—and to some degree that reassurance has not yet been achieved. The public, when they look at the Act, see a Committee that is not a Committee of Parliament, although it is a Committee of parliamentarians, because we are all appointed by the Prime Minister, we report to the Prime Minister, and only through the Prime Minister do our reports eventually reach the House. That obviously calls our independence into question.

Mr George Howarth (Knowsley) (Lab): We are all nominated by the Prime Minister, but it is important to note that this House has to endorse the names of the Committee's members before the Committee is formed.

Sir Malcolm Rifkind: The House has to give its view, but I say to the right hon. Gentleman, who also serves on the Committee and has done so even longer than I have, that the Prime Minister has the last word. Although Prime Ministers have in practice never overruled the view of the House, they have the statutory power to do so. The House gives its advice, thus illustrating the difficulty in terms of the public's view. That is the first problem.

The Committee, in its report, recommends—we are delighted that the Government have accepted it in principle—that the Committee become a Committee of Parliament. It is a joint Committee of the House of Commons and House of Lords, with two distinguished Members of the House of Lords, Lord Butler and Lord Lothian, but we recommend that its appointment procedure be very similar to that used by the Standards and Privileges Committee or by all Joint Committees of Parliament. Names would be presented to Parliament, but Parliament would be able to veto them if it disapproved. If it disapproved, the names would have to disappear, and only when Parliament was satisfied with the recommendations would appointments be made. Parliament would have—in a way that it does not, and has never had—the last word on both the Chairman of the Committee and its members, and it would properly be a Committee of Parliament, albeit obviously required to operate under slightly different procedures because of the secret information that we deal with. That is the first reform of a fundamental kind.

On the second reform, the 1994 Act states that the Committee has responsibility for policy, resources and administration, but it does not mention operations, a subject in which there is overwhelming public interest and in which, on a simple literal reading of the Act, we appear to have no involvement. People who ought to know better have recently asked, "How can the Committee operate effectively if it cannot even look at operations?"

In reality, it has been looking at operations over the past few years, whether on the treatment of detainees, the Binyam Mohamed case or the use of intelligence during the Iraq war.

The Committee has been able to look at the raw material and to question agencies about operations, but that role does not appear in the Act. That needs to be revised. We suggest that, instead of listing the issues that the Committee can look at, the Act should be reformed and simply state that "the Committee should have oversight responsibility for all the activities of the intelligence agencies", thereby including operations.

Dr Julian Lewis: On operations, does my right hon. and learned Friend agree that practice in the past has been—and is likely to be in the future—for the examination of particular operations to be retrospective and that there are very good reasons for that?

Sir Malcolm Rifkind: My hon. Friend raises a very important point. In making our recommendations to the Government—the matter is important to them as well—we acknowledge that we do not seek the level of responsibility that exists in the United States, where certain senior members of Congress have to be consulted in advance of an operation regarding what the intelligence agencies will be doing. They do not have the power to stop an operation, but they are informed about it, as they were, for example—so we understand—of that involving Osama bin Laden.

The ISC can see no public interest in such an approach. Having power without responsibility is bad enough, but to have responsibility without power is even worse. Our responsibility is to provide retrospective oversight, and the Government appear in principle to have accepted that, as long as we are dealing—as we agree we should be—with matters of significant national interest. That is right and proper. Many discussions will be needed about how that will be handled in practice, but the principle is of profound importance.

Geoffrey Clifton-Brown: I have been thinking carefully about what my right hon. and learned Friend said regarding a change in the procedure for electing his Committee. Would a constitutional issue arise if Parliament summoned either him, as Chairman of the Committee, or a member of his Committee to give information that they knew but felt they were not entitled to reveal? What would happen in such a case?

Sir Malcolm Rifkind: I can give my hon. Friend a very straightforward answer: all members of the Committee are subject to the Official Secrets Act. We see the most secret information and we have therefore all been considered suitable for that purpose. Like any other United Kingdom citizen, we cannot reveal information that is in breach of the Official Secrets Act, which is an Act of this place and must be respected. In the unlikely event of the circumstances to which my hon. Friend refers, that would be the response.

The third major reform relates to the fact that the 1994 Act states that the Committee may "request" information from the intelligence agencies. If the Committee has the power to request, the agencies have the power to decline. I have to be fair and say that the agencies have never used that power, but they are able to decline and that is no longer acceptable. Our view, which we have recommended to the Government, is that the Committee should have the power to require information to be shared by the intelligence agencies, and only the Government, not the agencies, should have the power to override that if, for example, a Secretary of State or Prime Minister believe there is some overwhelming national interest in doing so. That would have to be reported to Parliament.

The power to require information is not just a change of words. At the moment, if the Committee wants information we request it and the agencies, which sometimes have massive files, produce a summary of the information. I am sure that they do it in good faith, but we are allowed to see only that summarised version. The power to require information will mean that we will have our own staff who can have informal discussions in a constructive and positive way with the agencies and see all the available information. Ultimately, they will decide what summary we might wish to see, which will enable us to put questions to the agencies if we decide to take evidence from them. That is a much more sensible procedure, which I am sure will work. However, it is obviously a very important change compared with previous practice.

Hazel Blears (Salford and Eccles) (Lab): The right hon. and learned Gentleman has talked about balance in relation to the Green Paper. If there are to be more closed proceedings, is it not absolutely essential that there should be more rigorous parliamentary oversight? The Committee should therefore have more resources, not to aggrandise itself but to do properly the job that the Government are asking us to do

Sir Malcolm Rifkind: Yes. The right hon. Lady is a very senior member of the Intelligence and Security Committee. In the Green Paper, the Government have combined enhanced oversight with proposals for reform of the control principle precisely for the reason she mentions. In addition, even if there had not been a Green Paper and there were no Government proposals, I am sure the Committee would have taken the view that the time had come for a fundamental root-and-branch reform of oversight, and would have been making the recommendations we are discussing today to the Government. I do not know—and we will never know—what the Government's reaction might have been. That would have been a different situation.

The final major change we are recommending relates, again, to the 1994 Act. The Act states that we have oversight of the Secret Intelligence Service, which is MI6; the Security Service, which is MI5; and GCHQ. That is all that is mentioned but, as the House will be well aware, the intelligence community is considerably wider than that. I mentioned defence intelligence a few minutes ago, and there is the Joint Intelligence Committee and the new National Security Council, which has a role partly concerned with intelligence. The reality is that, over the years, these additional agencies and parts of government have voluntarily subjected themselves to scrutiny by the ISC. That is right and proper, but it is time that the legislation caught up with the formal position. That has also been accepted by the Government.

In conclusion, the House might think, "Well, that's all very well. We know what the Government's view is and we know what the Intelligence and Security

[Sir Malcolm Rifkind]

Committee's view is, but what about the agencies themselves? How comfortable are they with these proposals?" I cannot speak on their behalf, but I can say that our relationship with the agencies is very positive and that they have sometimes publicly said that it is time for reform.

The agencies have taken an entirely constructive approach to the kind of issues we have been discussing today. Of course, there is a very good reason for that. Not only are the agencies great national servants operating in the national interest, but one of the big developments in intelligence oversight over the past 16 years has been that a Committee such as ours, whose primary role may seem to be to criticise agencies or the Government if something goes wrong, has also occasionally been the agencies' champion if we conclude they are being unfairly attacked either in the media or elsewhere and are unable to defend themselves.

The obvious example of that is the 7/7 bombings, when serious representations were made that because the names of the people responsible for the bombings were on the Security Service's files, what happened could surely have been stopped and it was all a disastrous mistake. I was not involved in that investigation, but our predecessors looked into the matter in enormous detail. It is significant that the conclusion they came to was in all material respects the same as that the coroner came to a few months ago: although various criticisms could be made, the Security Service was being unfairly accused on the central question of failing to stop that terrible event in the circumstances. The agencies have trust in the Committee partly because it has operated in a mature and sensible way. Although on many occasions the Committee may have criticised things the agencies have done, we are also prepared to speak on their behalf in public and private if we think the facts justify it.

Intelligence has been a hugely important issue for the United Kingdom for many years. The single most important intelligence achievement was Bletchley Park during the second world war, which had a material impact on our winning the war. More recently, how intelligence operates has changed fundamentally. However, the crucial aspects of intelligence remain the same: our national interest requires that intelligence agencies remain secret in their most crucial activities. That is how I started and that is how I conclude my comments. On behalf of the Committee as a whole, I commend our report to the House.

6.18 pm

The Secretary of State for the Home Department (Mrs Theresa May): I am grateful to my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) for introducing his Committee's report with his usual eloquence. I thank him and all the ISC's members, a good number of whom are in the Chamber today, for the work they do throughout the year in overseeing our security and intelligence agencies. They play a very important role. Obviously, I will come on to the proposals to enhance the Committee's role but, first, I would like to say that it plays an important and largely unseen role in overseeing the agencies. We are grateful to it for that. The quality of the Committee's annual report underlines the unique and valuable role that it plays in the parliamentary oversight of the security and intelligence agencies.

We continue to face a number of serious threats to our national security. As the Committee's report rightly sets out, those threats come from a range of sources. Foremost among them are international terrorism, particularly from al-Qaeda and its affiliates. We also face an ongoing threat from residual terrorist groups linked to Northern Ireland, from serious organised crime, and from traditional espionage against British interests. Added to those long-standing threats, we must now address the growing threat to our cyber-security from cybercrime and cyber-espionage.

On international terrorism, it is worth stressing that, despite the death of Osama bin Laden, al-Qaeda remains a threat. It is true that the organisation is now weaker than it has been at any point since 9/11. US military and intelligence operations, work by the Pakistani military and, of course, the enormous contribution that UK forces have made to the international effort in Afghanistan have all been key factors. I am sure that the whole House will want to join me in praising the contribution of our armed forces, who are fighting so bravely many thousands of miles away in order to secure our streets back home from terrorism. However, threats from al-Qaeda, and from other groups that subscribe to its global jihad ideology, remain. We continue to arrest very significant numbers of people for terrorist offences—over 650 in the past two years alone.

Hazel Blears: The right hon. Lady is detailing the nature of the threat that we still face in this country. On that basis, she will recognise that the Olympic games is an area where there is clearly a heightened threat. Will she, even at this late stage, consider delaying the implementation of terrorism prevention and investigation measures, so that people who have been relocated out of London, who are some of the most dangerous people in this country, do not have the possibility of returning to London before the Olympic games?

Mrs May: The right hon. Lady is right to say that the security of the Olympic games is obviously a key concern and a key issue that we will be addressing over the coming months; indeed, it has been addressed by significant work that has been taking place over the past few years, since the bid was won. We all want to ensure that we provide a safe and secure Olympic games where people are able to endure—I am sorry, I mean enjoy; "endure" is probably more like the athletes enduring some pain during the games—the sporting achievements. We have been clear about our reasons for introducing TPIMs. We have been clear, as well, that the introduction of TPIMs, as the right hon. Lady knows, is accompanied by increased funding for the Security Service, and for the police in their counter-terrorism capacity, in order to provide for extra surveillance alongside TPIMs, which ensures that we are able to be reassured about the level of security that we can provide in relation to individuals who will be under those measures.

The leadership of al-Qaeda continues to plan operations in the UK. It attracts people for training, it has sections dedicated to overseas operations, and it radicalises and recruits. Even as its command and control infrastructure has weakened, al-Qaeda now seeks to inspire lone acts of terrorism organised and conducted without its guidance or instruction. We must now also pay more attention to the groups in Yemen and the horn of Africa, in particular,

which are affiliated to al-Qaeda or support its ideology. These groups have independent capability. They can radicalise people in this country. Britons, Americans and Europeans are travelling to fight in Somalia with al-Shabaab and to train in Yemen with al-Qaeda.

Keith Vaz: Is that not why the National Security Council is so important? It brings together Cabinet Ministers and others—those who have domestic responsibility and Ministers such as the Foreign Secretary—in dealing with a country such as Yemen. What happens on the streets of Sana'a today may well affect what happens on the streets of London and other cities tomorrow.

Mrs May: I am grateful to the right hon. Gentleman for making that point. It is indeed the case that the National Security Council is able to bring together all the Government Ministers with an interest in matters relating to our national security—not only me and my right hon. Friend the Foreign Secretary but the Secretary of State for Defence and others. The right hon. Gentleman is absolutely right to point out that in looking at our national security we must also look at issues that arise abroad. As I have been saying, we must pay attention to the countries where people from the UK have the opportunity to travel to be trained and then to come back, perhaps to plot attacks here in the UK. What happens elsewhere matters for us on our streets, and he is absolutely right to say so. Indeed, when he intervened I was about to say that, of the people who are abroad in these areas, we know that some aspire to conduct terrorist attacks back at home.

The emergence of such groups is a stark reminder that the threat picture can change rapidly and that the factors that drive the terrorist threat to this country have not gone away. Recent attacks in Nigeria demonstrate the range of places around the globe in which western interests, including British interests, are now under threat. We also face a significant and ongoing threat from terrorism in Northern Ireland. There were 40 such attacks last year. That threat has obviously required increased effort and resources from the security and intelligence agencies.

The tragic events in Oslo this summer have also made us reconsider the threat from the extreme right. That is much less widespread and systematic than terrorism associated with al-Qaeda. However, contrary to some reports, our counter-terrorism strategy—CONTEST—already addresses that threat; that was a major change that we made to the strategy produced by the last Government. After Oslo, we will be allocating further resources to that work.

Traditional espionage continues to pose a threat—to the commercial sector, as well as to our diplomatic and defence interests. The foreign intelligence services operating in this country seek to obtain a wide range of classified and privileged information in the fields of defence, politics, government, energy, and science and technology.

The final threat that I want to mention is cyber-security. The national security strategy assessed cyber-security to be one of the highest-priority risks we now face. It is important to stress that this is not simply a risk for the future. Cybercrime is hitting British people, and cyber-espionage is hitting the British Government and British business, on a daily basis, right now.

All these threats must now be faced at the same time as we prepare for the London 2012 Olympic and Paralympic games and the challenge of providing security for 10,500 Olympic athletes, 21,000 media and broadcasting personnel—double the number of athletes, I note—and the holders of some 10.8 million Olympic and Paralympic tickets. A question was asked earlier about the responsibility for cyber-security. That rests with the Cabinet Office, although that in no way detracts from the role of the Foreign Secretary in relation to GCHQ. The Cabinet Office is looking at a wide range of issues across Government in relation to cyber-security.

Mr Ellwood: My right hon. Friend is right to say that the Cabinet Office leads on that, and that co-ordination is welcome news. However, do we not all have a responsibility to understand cyber-security? A generation is now growing up that is using Facebook, is yet to own a credit card, and has very different liberal values when it comes to using the internet. Some small and medium-sized businesses are perhaps reluctant to pay for the addition of cyber-security because it is a little costly and times are difficult. We all have a responsibility for this, not just the Cabinet Office and Government.

Mrs May: My hon. Friend makes an extremely important point. There is an onus on all of us who are using the internet to ensure that we are aware of the responsibility that we have for our own security. One problem is that many people are unaware of what is available to help them to increase their own personal security in relation to these matters. That is a challenge that we all need to face and to rise up to.

All these threats require active and highly competent security and intelligence agencies to tackle them—and fortunately, in this country, that is exactly what we have. We should be proud of the agencies and of the work they do alongside their police colleagues. They work tirelessly, day in and day out, often at great personal risk to themselves, to keep the British public safe. They do this work without public thanks or public recognition, and we owe them an enormous debt of gratitude. As the Committee's report notes, those working in this field continue to excel at a very challenging task. I am sure that the whole House will join me in sending them our thanks and our praise.

As the Foreign Secretary set out last week, those agencies not only defend us from threats to our national security and to the lives of British citizens but provide vital support to British military operations and diplomatic intelligence, which gives us a key national advantage in foreign and security policy. But it is precisely because of the importance of the agencies' role, and because much of it must be kept away from the public gaze, that their work should be properly scrutinised. It is also important that, where there are any allegations of misconduct by the agencies, public confidence can be assured and retained by rigorous independent parliamentary oversight. That is why the oversight provided by the ISC is so crucial.

We sought in our Green Paper on justice and security to strengthen, clarify and modernise those oversight arrangements. For many years, successive Chairmen of the ISC have called for reform. We will answer that call. We therefore propose to formalise the role of the ISC, making it a statutory Committee of Parliament and allowing it to report to Parliament as well as to the

[Mrs May]

Prime Minister. It will also be given a formal remit for oversight of the wider intelligence community. Crucially, our proposals will for the first time give the ISC the power to require information from the agencies.

I want to stress that, although the Green Paper proposes that we should consider the extent to which the ISC should oversee the operational activity of the agencies, no decisions in that area have yet been made. We need to consider carefully the consequences of creating such a broad power, including the impact on the operational effectiveness of the agencies and the additional resource burden that would be placed on them.

We are also looking at wider changes. We propose to consult on giving the intelligence services commissioner an expanded remit to monitor compliance with agency operational policies. We will also consult on more far-reaching proposals such as the introduction of an inspector-general to provide oversight of all agency business.

Separately, we have strengthened decision making on national security issues by creating a proper National Security Council, as was referred to by the Chairman of the Home Affairs Committee, and appointing a National Security Adviser. Those are important and profound changes to the national security and intelligence machinery at the heart of Government and I am grateful that the Committee has welcomed them.

Robust oversight and accountability are not the sole requirements of effective intelligence agencies. They also need to be able to keep the public safe, without the risk of vital intelligence or essential international intelligence-sharing relationships being compromised. For that, they need a proper legal framework that allows them to present their case in the courts and to defend themselves properly. It cannot be right that at the moment sensitive material is excluded altogether, meaning judgment is not reached on the basis of the full facts. That is why the Green Paper proposes reforms to allow the right balance to be struck between protecting sensitive material and giving the courts the access to the material that they need to allow justice to be done.

The Green Paper makes proposals, to which my right hon. and learned Friend the Member for Kensington referred, to allow closed material procedures to be more widely available to the courts, to enhance the special advocate system, and to ensure that sensitive material, sources and techniques are protected. The overall aim is to allow cases involving national security to be heard fairly, fully and safely in our courts. I am pleased that the Committee welcomed those proposals and that there was cross-party support for them. I note that the right hon. Member for Blackburn (Mr Straw)—not always one to praise this Government's decisions—called them "elegant solutions".

I stress that those are just proposals at this stage. I note the encouragement of my right hon. and learned Friend to strengthen that aspect of the Green Paper. We will consider other ideas if they come forward. However, our aim is and must be to strike the right balance between protecting sensitive material and protecting the fundamentals of British justice.

As well as robust oversight and the right legal framework, the other thing that the security and intelligence agencies need to do their job is, of course, resources. I am pleased with the Committee's conclusion that the agencies have been given a fair funding settlement in the spending review. Like the rest of the public sector, the agencies will seek to make savings in their support functions and corporate services. Collaborative working across the three agencies is the key to that. What is clear is that the agencies have the funding that they need to maintain their current range of operational capabilities and to invest for the future. For example, much of the £650 million of funding for our transformative national cyber-security programme will fund activity by the agencies. There is no question of allowing our national security to be diminished to make savings. Although the agencies face pressures, as they always do, like the ISC, the Government remain confident in their ability to meet those challenges.

It is important to note, with the Olympics approaching, that the agencies' plans for meeting the significant additional challenge of securing the games remain on track and that the Olympics security budget is protected.

The first duty and the overriding priority of any Government is the protection of the British public. Although great progress has been made in counter-terrorism and other areas in recent years, serious threats to our national security remain. That is why it is so vital that we have security and intelligence agencies that can continue to reduce those threats and help keep us all safe. Their work is among the most important carried out by anyone. It is right that there should be robust oversight, which is why we are modernising and strengthening the oversight arrangements. I warmly welcome the Committee's latest annual report. Its recommendations are informing change as we speak. I look forward to future annual reports being even more useful in helping our world-class intelligence and security agencies to get even better at the valuable work that they do to protect the public.

6.34 pm

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): I, too, welcome the Intelligence and Security Committee's annual report and the work that the Committee has done this year, which was comprehensively set out by the right hon. and learned Member for Kensington (Sir Malcolm Rifkind).

It is 13 years since I last spoke in a debate on a report by the Intelligence and Security Committee. That was before the attacks of 9/11, before the London bombings of 7/7 and the damage done by al-Qaeda, before the most recent military engagements in Afghanistan and Iraq and at a very different stage in the Northern Ireland peace process. There have been dramatic changes since then in the nature of the threats that Britain faces and in the nature of the work of the intelligence and security agencies to keep us safe. However, many of the principles that we debated then, such as the importance of accountability and managing the tensions between liberty and security and between democracy and secrecy, remain as valid and as pertinent now.

I join the Committee and the Home Secretary in paying tribute to those who work in the intelligence and security agencies, and I place on the record the gratitude of the Opposition and those we represent. Our intelligence officers and agents are not known. By its very nature, their work must go unsung. Some have even died in the course of their work and have been laid to rest quietly with no public tribute. They work tirelessly, sometimes

in dangerous conditions, to find a piece of a jigsaw that will never be fully complete, but which could yet save lives.

In this debate, we must pay tribute from the Front Benches to the work of the ISC, as the Home Secretary has done. Its members take extremely seriously their responsibility to provide accountability, even though they cannot discuss or debate in public many of the issues that they pursue privately. There is a long tradition of cross-party working and consensus in the Committee, as indeed there should be, on many issues to do with intelligence and our national interest. I congratulate the Committee on its latest report. I also thank those who represent the Opposition on the Committee, my right hon. Friends the Members for Salford and Eccles (Hazel Blears), for Wythenshawe and Sale East (Paul Goggins) and for Knowsley (Mr Howarth), for their hard work on behalf of this side of the House and Parliament as a whole.

As the Committee and Ministers have made clear, the security risks that we face have become more diverse and technologically advanced than at any time in our history. Hostile attacks in cyberspace by other states and terrorist groups have the potential to cause serious damage to the security and prosperity of the UK. The Home Secretary has set out the continued threat from al-Qaeda and rightly paid tribute to the work of our armed forces. The work on international terrorism and counter-proliferation are becoming more closely connected. We are also dealing with new challenges, such as helping new states to emerge from the Arab spring. The older and more established threat from groups in Northern Ireland is now a growing concern.

Our security and intelligence agencies have expanded their work substantially over the past decade, supported by increased resources that were rightly provided over many years to keep Britain safe. The right hon. and learned Member for Kensington was right to point to the increasingly mature debate on security and accountability. As a result, there are large areas of agreement across the Committee and across the House on security and our national interest.

The Committee has rightly welcomed the work done by the Government through the National Security Council and the growing focus on cyber-terrorism. It is right that the Government and the agencies are increasing investment and action in that area. I also welcome the ISC's continued scrutiny of the Prevent and Contest strategies, which we have discussed on the Floor of the House.

Like the Committee Chair, I welcome the Government's attempts in the justice and security Green Paper to address the difficult issues of the control principle and the use of sensitive material in civil cases. Those are not easy problems to solve, but they are extremely important given the chilling effect on international intelligence arrangements if sensitive material is at risk of being disclosed. I noted the important points that the right hon. Gentleman made about the detail, practicality and workability of measures, and we stand ready to work with the Government to get that right, because it is hugely important.

We welcome, too, the Gibson inquiry, which is important for maintaining confidence in the work of the intelligence agencies. The Committee may wish to look further at that matter in advance of the Gibson inquiry beginning its work, while there remain legal delays, to ensure that the inquiry can achieve its aims.

A number of concerns are raised as a result of the Committee's report. In particular, in the face of the ever-changing threats, the Committee's scrutiny of resources is extremely important. The report rightly identifies areas in which the agencies could make greater savings by, for example, exploring a consolidated approach to vetting. The Home Secretary should also take seriously the Committee's concerns about the scale of the real-terms cuts that the agencies are facing, particularly in Olympic year. The increases in inflation since the spending review have increased those real-terms cuts. Ministers will be aware that the chief of the Secret Intelligence Service told the Committee:

"It's quite hard to...maintain the capability of the Service when we face a 10% reduction in staff".

Clearly all Departments and agencies need to make their share of efficiencies, but in the current circumstances it is vital that the Government accept the Committee's recommendation that

"Given the importance of national security work, it is essential that the Spending Review settlement can be adjusted if there is a significant change in the threat."

We are also concerned about the particular pressures surrounding the Olympics. According to figures from the Library, the real reduction in the single intelligence account next year alone will be £60 million. Next year is the year in which the eyes of the world will be on us for the Olympics, and the Home Secretary rightly discussed the Olympics in her speech. The evidence quoted in the Committee's report shows the pressure that the agencies will face. The Security Service chief has said that

"there will be a large diversion of resource from other things into the Olympics. But I don't think we've got any option about that."

The Secret Intelligence Service chief has said that the Olympics

"will certainly have an impact on our intelligence operations and intelligence coverage of other targets during that period."

The Home Secretary and the Foreign Secretary must take seriously the Committee's warning that it is

"nevertheless concerned that this will inevitably divert resources from the Service's other work during this period, and thus expose the UK to greater risk."

At a time when thousands of police officers are being lost, the Home Secretary and the Treasury should take the opportunity to review the level of resources available for security and policing next year to ensure that they are sufficient for the threats that we will face.

As a result of the Olympics, there is also an additional reason for the Home Secretary to re-examine counter-terror powers, which my right hon. Friend the Member for Salford and Eccles has raised. The Home Secretary is aware of our deep concern that she is removing the ability to keep terror suspects out of London in Olympic year through control orders. The director-general of the Security Service told the Committee that under the Terrorism Prevention and Investigation Measures Bill and with additional resources,

"there should be no substantial increase in overall risk."

Frankly, however, it is very hard for the House to understand why the Home Secretary should want any increase in overall risk, let alone one that is entirely a result of her own policies. The Committee is right to warn the Government about that and to raise the concern that the new regime does not offer the same level of assurance as control orders.

[Yvette Cooper]

We know that the Government have themselves admitted that there are issues to consider in that regard. Indeed, the Home Office has recently written to the House of Lords to say that the transitional period between control orders and TPIMs will be extended from 28 days to 42 days in an amendment to be tabled in the Lords in response, I understand, to resourcing concerns raised by the Metropolitan police. However, would it not be wise to delay the implementation of TPIMs altogether, at least until after the Olympics have taken place? Frankly, it is simply not responsible for the Government to reduce counter-terror powers, as well as resources, at a time when we know the pressures are growing. I urge the Home Secretary to examine the Committee's report carefully and think again.

Turning to the ISC's proposals for its own reform, the current Chair called for those reforms even before he was appointed, and I welcome his continued commitment to them. The Committee has certainly evolved since the 1994 Act, as he rightly pointed out. It started with no investigatory resource, which changed after the debates in the late '90s. Over the years, increasing levels of detail have been provided to the Committee, and also by the Committee to the public, including more information about overall budgets and information from other Departments and organisations. Although many people in the agencies viewed the Committee with a certain suspicion and anxiety in its early years, I believe most now agree about its importance and the benefits that the agencies are provided with by having accountability and independent scrutiny. The Committee can bust myths and counteract attacks on the agencies as well as challenge and explore problems without putting security at risk in any way.

However, it is time to go further, and both the ISC and the Government are right to want reform now. The Government are right to consider strengthened executive accountability and greater scrutiny of the agencies through the executive and judicial routes, and they are right to consider options such as an inspector-general, although I understand that considerably more work will need to be done on that approach. For many years, the tradition of the agencies was one of very little executive oversight. Ministers would decide the overall framework, but they did not have clear accountability for how operations took place. That executive accountability has increased over the years, with the roles of the different commissioners being strengthened, but I do not believe it is yet on a sensible long-term footing, and the Government are right to explore that further.

It is also right that we look further at parliamentary oversight. I believe that we should have gone further on that under the previous Government. It is right to consider creating a statutory Committee of Parliament with much stronger access to information. Of course, the Committee will always have to operate in a different way from other parliamentary Committees. The principle of its operating inside the so-called ring of secrecy is integral to much of its work, so it requires additional safeguards, including on how Committee members are selected. However, I believe that the Government could still go further.

The Home Secretary said that the Government were still cautiously considering the proposal that the Committee's work should cover operations. Of course, it is not for the Committee to second-guess operations in advance, which is not what the ISC is proposing, but there needs to be parliamentary scrutiny of not only the policies and good intentions of the agencies, but operations. Ministers and the agencies actively resisted that when the Committee was first established in 1994, but in fact the Committee has already gone further in practice than was originally intended in legislation. It is important to support it now and give it the proper underpinnings that it needs to be able to examine operations properly and thoroughly where it is appropriate to do so, and where the Committee believes that a significant issue needs to be investigated. I urge the Home Secretary to make progress in that area and accept the principle of the Committee's recommendations.

I also believe that there is a strong case for the Committee, or at least its Chair, to see more detail on individual cases. I have seen no convincing reason to deny the Committee, or its Chair, access to the full oversight reports on the agencies by the various commissioners, including the annexes, which are currently often withheld.

It would help the House, too, for the ISC—or, again, at least for its Chair—to have access to the detailed papers on individual control order cases as, for example, the commissioner currently does. Again, that would not be to second-guess current cases, but so that the House could reflect on the implications of those cases for legislation. For example, we may be asked to introduce emergency legislation on TPIMs or on extending pre-charge detention, yet it is a genuine problem for Parliament that the only person who has seen all the cases that justify changing legislation is the Home Secretary who proposes the new legislation. There are too few checks and balances in that system, which is bad for democracy but ultimately also bad for the Home Secretary and for confidence in national security. It would be far better for Parliament and for the Home Secretary to have another independent voice that can come to judgment on the basis of the evidence and advise Parliament. Stronger counter-terror powers can be justified, but I would like stronger checks and balances alongside them. The Opposition would prefer to retain control orders, especially in Olympics year, but we would also prefer greater scrutiny of the control order regime by Parliament, including the ISC.

Finally, I am astonished to find myself in agreement with the hon. Member for Stone (Mr Cash), who in last year's debate argued that the ISC Chair should be an Opposition Member. There are significant advantages to the ISC following the example of the Public Accounts Committee, the Chair of which is a senior Member of the Opposition. That is not to cast aspersions on the current ISC Chair, who would make an admirable Chair any time in opposition, nor is it—perhaps more importantly—to cast aspersions on my right hon. Friends who did admirable jobs as ISC Chairs when Labour was in government. They would make excellent ISC Chairs now, but perceived independence and credibility is even more important for the ISC than for other Committees.

Sir Malcolm Rifkind: I am extremely grateful to the right hon. Lady for the additional comments that she has volunteered. The House might like to be reminded that there is nothing to stop an Opposition Member from being ISC Chair. In fact, there is a precedent. Tom King, now Lord King of Bridgwater, was the first ISC

Chair and remained for a period after the Labour Government came into power in 1997. It is entirely available to Opposition Members, depending on who they are.

Yvette Cooper: The right hon. and learned Gentleman is absolutely right that there are precedents. In fact, Lord King was Chair when I was a member of the ISC between 1997 and 1999, and he continued through to 2001. The principle of the Public Accounts Committee is that as a matter of course the Chair is a Member of the Opposition. The value of that is this: exactly because the ISC must operate behind closed doors, it needs to be seen to be independent and authoritative in its conclusions; and exactly because it cannot tell us the evidence on which its judgments are based, it needs to be perceived by the wider public to be independent of Ministers. That is important for the agencies as well as for the public.

In the 1998 debate, the then ISC Chair, Tom King, spoke of the importance of the Committee having a unanimous all-party voice and authority:

"When a situation arises that gives serious cause for public concern...We shall not be able to help matters unless we can say that we have investigated the allegations, with...access to all the relevant information".—[*Official Report*, 2 November 1998; Vol. 318, c. 594.]

Those words stand today. When I spoke in that debate, I said that accountability through the ISC lay at the heart of the tension not just between liberty and security, but between democracy and secrecy:

"We have certainly come a long way since the mere existence of MI5 and MI6 was denied. I believe that, sooner or later, we will travel much further. We will have to improve our system of accountability, for the sake not only of democracy but of the very secret agencies that the United Kingdom needs to function and to protect our modern democracy. If we do not improve our system of accountability, those agencies' capacity to operate in the national interest will be threatened."—[*Official Report*, 2 November 1998; Vol. 318, c. 613.]

Those words, too, still stand.

The role of the ISC has become stronger since 1998 and it does vital work. Accountability has increased, but it has not yet gone far enough. The Government's reforms are welcome, but they should be brave and go further, so that we continue to have effective agencies that have the confidence of the public in a modern democracy. Sooner or later, we will have that.

6.54 pm

Dr Julian Lewis (New Forest East) (Con): I begin by reassuring the shadow Home Secretary that, in my limited experience—I have been a member of the ISC for just over a year—such is the sense of cross-party common purpose on the Committee, I would have no difficulty in accepting as Chairman any of the Committee's three excellent Labour members. However, such a thing is completely unnecessary given the outstanding chairmanship of my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind)—[HON. MEMBERS: "Hear hear!"] I am glad to hear Opposition Members' endorsements.

In his opening remarks, my right hon. and learned Friend mentioned the totally discredited concept that history ended with the end of the cold war. Topics mentioned in the debate include the Olympics, cyber-security, general terrorism and the more traditional threat from more traditional enemies. In my somewhat disparate remarks, I shall try to touch on a few of them.

When dealing with any form of enemy of the democratic system, it is helpful to think in the ways and along the lines that they think—if we have such twisted minds, to which some of us must own up. Our initial reaction in respect of the Olympic games is to think, "There must be a huge extra effort to protect the games," but what would terrorists planning a series of deadly attacks in the UK think? Would they think, "I must go straight away to the heart of the games, where the maximum security effort is bound to be concentrated," or would they think, "There will be a huge concentration of effort on the security of the Olympic games in that fortnight, so there will be great opportunities to create mayhem in all sorts of other, less protected parts of the UK"?

Therefore, the problem facing the Security Service is that it cannot say, "With the extra effort we will put into protecting the Olympics, we will ease security measures elsewhere in the country." The reality is that the holding of the Olympics in the UK is a considerable opportunity—I will not say that it is a heaven-sent opportunity, because it comes from a somewhat different direction—for terrorists to cause mayhem and to maximise the deadly effect of their perverted ideas carried into action. I often wonder whether it was sheer coincidence—it probably was—that the choice of London for the Olympics was announced just 24 hours before the 7/7 atrocities in 2005.

We need extra concentration because of what could be visited upon us during the Olympics, but there are also new technological threats, to which hon. Members have referred. Everybody has welcomed the increase in resources—£600 million net—to ensure greater cyber-security in future. There was concern in the past about a lack of ministerial responsibility for cyber-protection, so it comes as a great relief to the ISC and its members to know that the role will now be undertaken by the Cabinet Office, whose Ministers have a legendary reputation for the protection of sensitive information. Think about it. However, when we are considering—*[Laughter.]* They got there in the end. As Frankie Howerd used to say, don't take a vote on it.

The Cabinet Office will be responsible for cyber-security, but that does not mean that it is the most suited Department to be responsible—nor has it been earmarked for the role—for the countering of the propaganda message that is used to generate recruits to the terrorist cause, which is closely related to cyber-warfare. We have heard a considerable amount about the attempts that have been made to decapitate al-Qaeda, which have enjoyed considerable success. However, we also know that attacks are increasingly lone-wolf attacks, when people self-start and trawl the internet, picking up messages and techniques that they turn into action, with deadly effect.

It is of the utmost importance that the Government seek to counter the message put out to mobilise, radicalise and turn into terrorists impressionable and sometimes unbalanced minds already in our society. It is incredibly difficult for a security service to track such people: it is much harder to track a lone-wolf potential attacker than somebody who is engaged with people abroad and part of an al-Qaeda-like organisation planning a much more sophisticated attack. We need to hear more—the Committee will make an effort to ensure that we do—of the efforts that the Government are making to neutralise the radicalising messages on the internet and put forward a counter-narrative so that people can understand the values of the society in which they live.

Hazel Blears: The hon. Gentleman is extremely knowledgeable in this field because of his experience before entering Parliament, but does he share my concerns about the work of the Home Office's research, information and communications unit, which the Committee has decided to consider much more closely? It is essential work but at the moment we have little information about what it is doing and its effectiveness.

Dr Lewis: I am delighted that the right hon. Lady makes that point. It is too early to have concerns about the work of the unit because we have not been able to examine it yet. The work that such a unit is designed to do is, as she said, of the utmost importance, and if it carries it out successfully the public at large might not know how successful it has been in supporting themes and counter-narrative ideologies in the media and internet to the benefit of people in our society who might otherwise become disaffected. However, unless one can examine the organisation's work—within what is commonly called the ring of secrecy—one cannot be sure whether sufficient work is being done or about its quality.

On page 44, paragraph 156 of our report, the Committee stated:

> "The difficulty of measuring the success of PREVENT work is most notable in the work of the Research, Information and Communications Unit…which was established in 2007 with the primary aim of ensuring consistency, across government, on Counter-Terrorism and counter-extremism messages and developing a coherent narrative to challenge extremist ideology. RICU is jointly funded by the Home Office and the Foreign Office. It currently has 22 full-time staff and its budget in 2010/11 was £4.25m (of which £0.3m was spent on research and £2.7m was spent on communication campaigns)."

That does not sound like an effort on the scale needed if we are seriously to counter the radicalising message of the enemies of our way of life.

Democratic societies are inherently resistant to Governments propagandising against organisations involving their own citizens, in an attempt to get a message across to their own people; but sometimes we have to understand that there are forms of warfare besides open warfare—for example, the propaganda and counter-propaganda warfare that went on during the long confrontation with Soviet communism. During that period, in 1948, a Labour Government set up the Foreign Office's information research department, which remained in existence until 1977 under Governments of both complexions, until unfortunately another Labour Government decided to do away with it. That organisation operated on a considerable scale, and its particular strength was that it made available to opinion-formers the detailed facts that enabled strong cases for what was good about British society to be made on a non-partisan, non-party political basis. I believe—I think that the right hon. Member for Salford and Eccles (Hazel Blears) shares my belief—that an effort on a similar scale might be necessary in the future.

On the Committee's operations, I can reassure the Home Secretary: she said that we need to consider the resource implications of the Committee expanding its work to consider operational matters; but I am not sure that there are many resource implications, because as my right hon. and learned Friend the Member for Kensington said, we are asking not to change what we do but simply to formalise what we already do. We are not asking to look over the shoulder of the intelligence and security services at what they are doing while they are doing it—in an operational sense—although they sometimes choose to give us glimpses of that, which obviously we treat with appropriate discretion. Instead, we wish to be assured that when something becomes contentious, the ISC can review the matter and decide whether proper procedures were followed, whether mistakes were made or whether we can help the security and intelligence services by giving them a clean bill of health.

I shall take an example at random. It is known that over the years the approach of Governments towards Libya changed completely. Under the Labour Government, there was a policy—I am sure that its proponents would argue that it was a legitimate line to pursue—of trying to bring Libya back into the fold. For example, when Libya declared its intention to abandon its chemical weapons stocks—we now know that it still had some, although we do not know whether that was because it had not finished getting rid of them or because it was concealing them and cheating on its promises—it was regarded as quite a coup, quite a triumph for the security and intelligence services

It now appears, however, that along the way the degree of co-operation between some of our agencies and some Libyan agencies might have crossed the line. If it did, for example in the rendition of two people, as has been reported, we will need a means of finding out why that line was crossed, which agencies crossed it, who, if anybody, was responsible—was it the Government, was it the agencies?—and whether there are lessons to be learned that we can help to articulate. If the Committee is not given the power to review such operations, many people will rightly ask, "What's the use of having a Committee of parliamentarians, whose job is supposedly to supervise the security and intelligence services, if when something highly controversial appears to have happened, it cannot, does not or will not look into it?"

I want to refer to one or two of the slightly more traditional threats. It was interesting to hear that the agencies still think that we should not, in our rightful concern about international terrorism, forget that the country remains an intelligence target for countries such as Russia and China. One of the things that worry me the more I focus on it is the possibility that some countries could steal our technology, use it to undercut our competitiveness and then buy their way into our infrastructure in this country. This would be of great strategic value to them in future. I will say no more about that for the moment, but I hope that others might feel it appropriate to do so later in the debate.

Finally, I warmly welcome the proposal in the justice Green Paper to prevent the control order principle being breached. Irrespective of what piece of intelligence was disclosed in court, we must never forget that if we undermine the trust between ourselves and our principal intelligence allies on that issue, we undermine it on every issue. However, it also behoves us to remind our intelligence partners that when they engage in methods and techniques such as Guantanamo Bay and water-boarding, they open up not only themselves but their allies to challenges in court that make such problems much more salient, in respect of the evidence that a judge might feel had to be disclosed. It is a question of exercising two-way restraint: we do not wish to breach the confidence of our allies, but our allies must not breach the standards to which our intelligence services rightly apply themselves.

7.11 pm

Paul Murphy (Torfaen) (Lab): I am very grateful to be able to make a brief contribution to this important debate. Let me start by congratulating the Chairman, and the members, of the Intelligence and Security Committee. When I held that position some years ago, I was unable to open the debate, as the right hon. and learned Member for Kensington (Sir Malcolm Rifkind) has done so ably today. Indeed, I barely missed being constrained to 10 minutes because I was speaking from the Back Benches, so I am glad that addressing that issue was one of the first reforms to be implemented.

The right hon. and learned Gentleman made an excellent speech outlining the work of the Committee, touching on the important point that, inevitably, people outside—or, for that matter, inside—do not know exactly what members of the Committee do. By its nature, the Committee deals with secret business and secret matters, so it is inevitable that people will be simply unaware of the huge amount of work that goes into what it does. During my time on the Committee, the amount of work that the Chair and the members put in meant that they were virtually doing a full-time job. My right hon. Friend the Member for Knowsley (Mr Howarth) and the Marquess of Lothian are the only two current Labour and Conservative members with whom I served on the Committee, but I know that the current members, from all parts of the House, do an excellent job. I pay tribute to them, as I do to the intelligence agencies and the great work that they do in keeping our country safe from terrorism and other important threats.

However, there is one thing in the report that disturbs me. The report refers to the terrorist attacks of July 2005. The House will know that the Intelligence and Security Committee issued two reports on that terrible event—one when I chaired it and the other when it was chaired by Dr Kim Howells, my successor but one. It is important for the House to understand the point that the right hon. and learned Member for Kensington made about those reports, for which Dr Kim Howells and I were responsible, both of which came to the same conclusions about that event as the coroner: that the intelligence agencies could not have prevented what happened in 2005, because of resources and prioritisation. However, it disturbs me to read in the annual report—although I am pleased that the excellent director of the Security Service has indicated that he was sorry about this—that the information that the Committee received was not up to it, and that the work had not been done and the intelligence not looked at sufficiently well for the Committee to be properly informed about what had occurred.

I want to confine my remarks, however, to the important business of the reform of the Intelligence and Security Committee, a matter that has been before the Committee for at least four years, and rightly so. The Government are to be congratulated on the Green Paper, which was referred to earlier. My right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) was right to emphasise that reform must come, as the Chair of the Committee said. However, we have to do that in such a way that we balance the significance of the Committee—by ensuring that secrecy is maintained—with the importance of ensuring that people in our country are aware that it is doing a proper job, and that is not easy. Every other Select Committee in this House can do all sorts of things—here in the Chamber, in the Committee Rooms and outside, even on visits—that the Intelligence and Security Committee cannot do. How do we square that circle? How do we ensure that people are sufficiently assured that the members of the Intelligence and Security Committee are, in fact, doing the job that the House of Commons and the House of Lords have asked them to do?

There is a problem with trying to make the Committee exactly the same as any other Select Committee or Joint Committee of both Houses. We have gone down the right road by ensuring that this House and the House of Lords have the right to propose names. It is important that this should continue and that there should be a requirement that the Government respect the names put to them for membership. At the same time, however, the vital issue of trust—a word used throughout this debate—is critical, whether it be trust between our international allies or trust between the Committee and the intelligence agencies. If that trust breaks down, it will be a purposeless Committee that simply will not work.

It has been said—the Chairman of the Committee himself said it—that when the Committee was set up back in the mid-1990s, it was an extremely different creature from what it is today. It did not deal with operational matters, but simply with finance, resources, structures and so on; but now, of course, operational matters have been dealt with. It is important that the Green Paper recognises that this should be put into statute, with a legal requirement for the Committee to deal with operational matters. I agree with the hon. Member for New Forest East (Dr Lewis) that the Committee is obviously not going to walk across to the MI5 or MI6 buildings every day, knock on the door and say, "Let's have a look at what's happening now," as may happen in other countries. That is not going to happen, nor should it. However, I am sure that it is the experience of the current members of the Committee, as it was when I was the Chairman, that when important issues arise, such as Libya or others that I can recall, the agencies will take it upon themselves to inform the Committee, and certainly the Chairman, of the significance of those issues. However, that has to be formalised, because at the moment we cannot insist that the Intelligence and Security Committee can deal with operational issues, which is a problem.

Ultimately, it all comes back to trust. Whatever the legalities, if the agencies do not trust the Committee, for fear of leaks or whatever, they will simply—and quite rightly—not discuss sensitive intelligence matters with it that could present a danger to our country. Incidentally, I do not think for one second that any current or previous member of the ISC would do that, but that is obviously an issue that the intelligence agencies have to consider. I am therefore very much in favour of extending the Committee's remit.

As to whether the Chairman of the Committee should be an Opposition Member, it is quite interesting that the noble Lord King, who was referred to earlier, was a Government Member when he was appointed. It has rightly been said that when Labour won the election in 1997, he continued as the Chair of the Intelligence and Security Committee. It is quite interesting that when I was appointed in 2005, he rather grizzled and grumbled about it and said in the House of Lords that I should not have been appointed because I was not an Opposition Member, but still a Government Member. My view is that, ultimately, we need the right person for the job. Although there is an analogy between the ISC and the

[Paul Murphy]

Public Accounts Committee—and my right hon. Friend the Member for Normanton, Pontefract and Castleford who served on that Committee has made it—I think we need to be careful how far we go down that line. It is important that the person chosen has the respect and confidence of both sides of the House of Commons and also, of course, of the agencies themselves.

The other important issue that has been mentioned—I talk about it elliptically—is that of having consensus in the Committee. I cannot recall a single instance when a vote was taken in the ISC. It is not that there were no disagreements—there were many profound and deep disagreements about the members—but as a Committee we took the view that whatever our profound and difficult disagreements, we would have to find a way out of them. To my knowledge, only one single vote has ever been taken on the ISC—on whether a visit to particular place should be by plane or by train. That was the only real vote. Every other issue has been decided by consensus. It was obvious—no, perhaps it was not that obvious—that this place was in the United Kingdom. This shows that members of the Committee, usually senior Members who are there to serve their country in a special way, put aside party political allegiances and are on the Committee to do a particular job.

I think that a difficulty might arise if the ISC were exactly the same as a Select Committee. That needs to be considered when we think about how the ISC should develop over the years. There is unquestionably a need for greater accountability, and the ISC, the House, the Government and my Front-Bench colleagues must work out how to achieve it.

The other very important issue raised by my friend Dr Kim Howells when he chaired the ISC was the Committee's independence from Government. I believe that this is critical. How do we achieve it? First, I do not think it was a good idea for the Committee to meet in the Cabinet Office. It should be removed from Government premises altogether and put somewhere on the parliamentary estate. The excellent people who work in the secretariat—they are indeed excellent—would work to Parliament rather than to the Government.

I do not undervalue for a second the significance of the Prime Minister's role in this because he has ultimate responsibility for the security of our nation and has to ensure that these hugely sensitive issues and materials are dealt with properly. However, I still think that there is a lot of work to be done to ensure the Committee's independence—removing it physically from the Cabinet Office, and perhaps also taking the food and rations, so to speak, away from the Cabinet Office to ensure a genuine independence in the ISC.

Work has been done and I am delighted to note the Government's efforts in the Green Paper to ensure that we make progress. I was pleased with the remarks made by my right hon. Friend the shadow Home Secretary and, as I said earlier, pleased with the excellent remarks of the current Chairman of the ISC. We all owe the Committee a great debt, just as we do to the intelligence services. There is a balance to be struck between accountability on the one hand and the security of our nation on the other. It is one that we have struggled with for a long time, but I think that we are getting there at last.

7.23 pm

Tom Brake (Carshalton and Wallington) (LD): I echo the thanks of various Members to the members of the intelligence and security services for the work they do on our behalf to keep us safe. I also thank the right hon. and learned Member for Kensington (Sir Malcolm Rifkind) for setting out in a lucid and measured way what his Committee has found, which has led in turn to a measured and lucid debate so far, consistent with what the right hon. Member for Torfaen (Paul Murphy) said about members of the Intelligence and Security Committee putting aside party political allegiances. I welcome that, as we do not want party political differences to get in the way of the important security considerations that the ISC has highlighted.

Both the ISC in its response and annual report and the Government in their detailed response have provided a useful framework for formulating a small number of questions for the Minister who will respond later. I hope he does not take offence at that. Let me deal with the recommendations in the report.

Recommendation A deals with the savings to be derived from the single intelligence account. It talks about making the supporting functions more efficient and delivering new operational capability as a means of reducing the need for savings. I wonder whether a breakdown has been done to determine how the savings will be split between those two areas. The most certain way of achieving the savings safely is having a clear plan that identifies how those savings will be derived over future years.

Recommendation B deals with the spending review settlements and poses the question whether they can be adjusted if there is a significant change in the threat. A number of Members have referred to this issue, including the hon. Member for Cities of London and Westminster (Mark Field). He is no longer in his place but spoke about the cyber-threat. The Government response states that

> "the SIA will first look to reprioritise from within its existing work."

The use of the word "first" suggests that the SIA might look to do something different secondly, but no second alternative is outlined, which makes me wonder what it is that the Government do not want to put on the record. What is clearly understood is that if a very large and significant new threat emerges, the Government would want to respond in a way that would involve resources. We would all expect that to be the case.

Recommendation D deals with information assurance and making sure that it has the required backing. The Government's response states that

> "the Deputy National Security Adviser will continue to work with the Communications-Electronics Security Group...to develop a suitable funding model that will ensure the long-term sustainability of their IA work."

Is it clear at what point that work is going to be completed?

In a similar vein, in response to recommendation E the Government have rightly identified the need to take proactive steps to address the issue of retaining a suitable cadre of internet specialists. I hope the Minister will tell us what proactive steps have already been taken. I should state now—perhaps I should have done so at the outset—that the Minister, for clear operational reasons,

might not be able to give answers to every question. Clearly, he will not respond if it is not appropriate for him to do so.

Recommendation G identifies the need for GCHQ to be able to account for lost equipment. The ISC made it clear that GCHQ should ensure that the problem does not happen again and the response noted that good work had been undertaken with the National Audit Office since 2008-09. I wonder whether GCHQ has been able to provide the Minister with the assurance that those incidents of lost equipment, and the potential risks associated with them, will not happen again.

Recommendation K deals with the Security Service's need for IT specialists. A useful initiative has been set up with

"the three Agencies...engaged in setting up a single unified mechanism for hiring interim specialists and contractors."

I suspect that this will make a substantial contribution to savings. I was hoping that a time frame might be identified for delivery.

Recommendation P refers to the overlap between the Office for Security and Counter-Terrorism and the National Security Secretariat. Although that overlap is limited, I hope that the Minister will be able to explain how problems caused by the duplication of work are addressed.

Recommendation V refers to BBC Monitoring. I know that work is proceeding on that front, but the Minister may be able to tell us something about the intended time scale for the review.

Recommendation X refers to Shaker Aamer. Other Members may welcome an update from the Minister on any discussions that are taking place with the United States authorities.

Recommendation Y refers to the *Consolidated Guidance to Intelligence Officers*. I thank the Minister for a recent briefing that clearly identified the difficulties and complexity that surround those issues, especially when Government agencies or the intelligence services are having to deal with a range of agencies abroad.

Recommendation AA refers to the Government's announcement of the publication of a Green Paper. That is very welcome, and I hope that the Green Paper will receive a wide response. Some parts of it may be deemed controversial, particularly those dealing with the use of special advocates and other aspects of the reform of the Intelligence and Security Committee. There is clearly a huge amount of expertise in the Chamber in that regard, and I am sure that Members who are present have already made an important contribution simply by giving their informed views, which can be read in *Hansard* tomorrow.

Recommendation GG refers to the vulnerability of some of GCHQ's sites. It is not clear to me whether the necessary resilience already exists, or whether it is being developed and is expected to be rolled out at some point in the future. Perhaps some clarification will be possible either now or at a later date.

Recommendation HH proposes the establishment of a single SIA vetting service. That is, on the face of it, a sensible proposal. It has been under discussion since early 2010, and now, in late 2011, I should like to think that an end date is in sight.

I hope that the Minister will consider the limited number of questions that I have asked to be pertinent. Let me restate my support for the work that is being done by the intelligence and security community and for the work that the ISC has done in ensuring not just that we are safe, but that due scrutiny is given to the services that are responsible for our safety.

7.33 pm

Keith Vaz (Leicester East) (Lab): It is always a pleasure to follow the right hon. Member for Carshalton and Wallington (Tom Brake), who, with his usual ingenuity, managed to give a number of written parliamentary questions an oral flavour. Some might well have served as essay titles. I noted that the Minister was writing furiously in preparation for his winding-up speech, and I hope that we shall all be able to obtain copies of his answers.

I shall speak briefly. First, let me join Front Benchers and others in congratulating the right hon. and learned Member for Kensington (Sir Malcolm Rifkind) on the excellent work that he and his fellow Committee members have done in respect of the annual report. It was a change to be able to hear such a long and thoughtful speech from the Chairman of the ISC, rather than the limited contribution that my right hon. Friend the Member for Torfaen (Paul Murphy) used to have to make when he chaired the Committee. Things are certainly changing.

I also welcome the commitment that the right hon. and learned Gentleman made in saying that the Committee intended to take oral evidence from the heads of the security services at some time in the future. I always think it odd that, although we hear about magnificent speeches made by the heads of MI5 and MI6 containing important statistics about the security threat, no one in Parliament is able to question them. We used to be told that their jobs were so secret that no one knew what they looked like, but nowadays it is quite easy to find out what Jonathan Evans and John Sawyers look like by means of the internet. There is no secrecy about their identities any more.

In an intervention on the right hon. and learned Member for Kensington, I described the annual pilgrimage of the Home Affairs Committee, in a people-carrier with blacked-out windows, to a building somewhere on Millbank whose address we were not allowed to know. On arrival, we would be taken up through the back of the building into a room that was not the office of the head of the agency, but a meeting room where we were able to ask questions. We were not allowed to make notes or include what was said in our reports, although inevitably some of it had leaked out into a Sunday newspaper by the time the Committee was able to consider matters a week later. The fact is that it is much better for the heads of those agencies—both of whom I have met, and both of whom are highly intelligent individuals—to appear before the ISC, and for members of the ISC to put questions to them and receive answers. That is the basis of parliamentary scrutiny, and it is a very important step forward.

I welcome the way in which the National Security Council has developed over the past 18 months. Its establishment was recommended by the Home Affairs Committee in the last Parliament. I tried hard to persuade the last Prime Minister to accept the recommendation. I told him that the NSC would be good for the country, because for the first time we should be able to co-ordinate all the various Government Departments. There would

[Keith Vaz]

be a national security adviser who, hopefully, would give evidence to Parliament, and it would be a good way of dealing with issues relating to countries such as Yemen—foreign policy issues that also had a domestic resonance. I was pleased that, when the Prime Minister appeared before the Liaison Committee, he talked about the operation of the National Security Council. I welcome that co-ordination, and I think it important for us to hear more about what the council is doing.

Obviously, in terms of its composition, the NSC differs from its counterpart in the United States, which is the model that we used when we considered the report two years ago. I do not think that Peter Ricketts or his successor, Kim Darroch, will ever quite become Condoleezza Rice—a great figure who can be brought before Parliament and make important statements about national security. That will never happen, because we will always have a career civil servant in the job. It is a pity, because I think that Prime Ministers ought to be able to choose more widely when selecting their national security advisers, but we never know: in the future, a Prime Minister may decide to do that.

I want to refer to the excellent contribution of the hon. Member for New Forest East (Dr Lewis). He is entirely right to consider the threat that is facing our country. We must deal with those who are behind that threat, which is why I am so pleased that the Security Minister—the Under-Secretary of State for the Home Department, the hon. Member for Old Bexley and Sidcup (James Brokenshire)—has agreed to speak at the Select Committee's conference in Leicester in December, when we will consider the roots of radicalism. As the hon. Member for New Forest East pointed out, unless we confront the threat with a budget larger than that which currently exists in the units in the Home Office, we will never deal with it. The only way in which to deal with home-grown terrorism is to engage the communities involved. The previous strategy was about preventing: "Let's try to stop them doing what they're doing." That cannot be successful, however. Instead, we have to engage; we have to get right down into the communities and work with them—with different mosques and organisations. We heard from a fair few of them in the Home Affairs Committee evidence sessions, and I think that, by engaging, we can deal with this threat.

This annual report is excellent, and we look forward to the next one, but we also look forward to its being even more transparent in respect of the issues it addresses, as the Committee and Parliament expect.

7.40 pm

Richard Graham (Gloucester) (Con): It is with great pleasure that I rise to make my first contribution to this important annual debate as a Back Bencher representing constituents who work at GCHQ. May I add my congratulations to those already made to my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) on the crispness of the ISC annual report and the swiftness with which many of its recommendations have been incorporated into the Ministry of Justice Green Paper on justice and security?

As a member of Her Majesty's diplomatic service at the time, I well remember the concerns that were felt among the agencies in the run-up to the Intelligence Services Act 1994. They were very concerned about the impact of coming in from the cold and into the limelight of parliamentary oversight. Those concerns were, of course, largely overcome by keeping that exposure away from operations. I think it is true to say that the agencies' worries in terms of parliamentary limelight have not been realised, but two issues have emerged: the handling of reputational issues, and the increased number of challenges of Government actions in our courts. I shall deal with each of them in turn.

The Foreign Secretary rightly said only a few days ago, on 16 November:

> "Secret Intelligence saves both military and civilian lives, protects our economy, stops criminals and makes a critical contribution to our diplomatic and military success."

However, it is also true that the agencies depend hugely on their reputation—as, indeed, do all of us in this House. Reputation is everything, and I believe that, had the accusation of complicity in extraordinary rendition leading to torture been dealt with by an ISC with operational oversight, that reputational question mark would not still be hanging over the agencies. Nor would the ISC have faced the issues of poor record keeping that are identified in pages 70 to 73 of the annual report. That is a practical example of why the ISC remit should be "strengthened" to provide "more credible oversight" and

> "greater assurance to the public and to Parliament"

by adding operations to its current remit of policy administration and finance. I therefore welcome that proposal and the Home Secretary's positive response this evening, while also recognising that there will be much detail to resolve.

On the increased number of challenges to Government actions in the courts, I absolutely agree with the Justice Secretary's comments in the Green Paper that we need to use closed material procedures in mainstream civil courts, as that is the only way to reconcile the two difficult challenges of both providing fairness to all and ensuring our secrets are kept secret.

I join the right hon. Member for Leicester East (Keith Vaz) in paying tribute to the Government for their innovative move of creating the National Security Council. I am sure that it contributed considerably to the successful pursuit of the United Nations Security Council resolutions on Libya, and I was delighted to see in the ISC annual report recommendation M on the NSC, which pays tribute to the successful establishment of the organisation.

The right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) referred to there being too few checks and balances, but where was she and her concern for checks and balances when her country needed her in the run-up to the Iraq war of 2001, when it appeared to many of us outside this Chamber that decisions were being made and dossiers prepared exclusively in No. 10? I believe that, had the NSC existed at that time, with its checks and balances, it would have changed the course of our involvement in Iraq. No doubt historians will, in time, ruminate on that.

Tonight, we have heard more detail on the ISC proposals, and we have heard the endorsement given to them by the Home Secretary. I have highlighted my strong support for two key measures: the more credible oversight provided by the ISC with a stronger mandate to include operational

oversight, and the handling of secret intelligence in the courts so that the right balance between fairness and secrecy can be struck.

The right hon. Member for Blackburn (Mr Straw) said not long ago that the Government have found "elegant solutions" to dilemmas that have faced successive Home and Foreign Secretaries in balancing the pursuit of openness with the requirements of secret intelligence. I agree, and I hope they prove to be practical solutions that will enhance the oversight of the work of our agencies, which are so important to all of us in this country.

7.46 pm

Paul Goggins (Wythenshawe and Sale East) (Lab): It is a pleasure to follow the hon. Member for Gloucester (Richard Graham). He spoke about his pride in his constituents who do such tremendous work at GCHQ, and I join him in praising those dedicated and important staff.

It is common ground among the main political parties that the Government's top priority must be to protect the people of this country. Although we all want a law enforcement and criminal justice system that is as open as possible, in order to maintain public safety we must have some level of secrecy, and scrutinising the workings of that secret world is the core task of the ISC.

As ever, my right hon. Friend the Member for Torfaen (Paul Murphy) put his finger on the key issue when he talked about the importance of trust. I am sure that I speak for all members of the Committee in saying that it is a privilege that trust has been placed in us in respect of the access that we have to the agencies and confidential information. It is also a privilege to visit the agencies and meet the staff who do such important work. Some of them are long-serving and very experienced, and I pay tribute to them of course, but I have noticed during my first year serving in Committee that there are also many energetic and ingenious young people in these agencies, and they do tremendous work. What they do is a very important form of public service, and I pay tribute to them.

There is much to welcome in the ISC report on what has been done in the past year. Many Members have mentioned the NSC's work and the coherence that it brings to national security. We all agree that that has been a very important step forward, not least because of the regular contact that it brings between senior Ministers and the heads of the agencies, as the ISC Chair, the right hon. and learned Member for Kensington (Sir Malcolm Rifkind), has pointed out. I am sure that that is helping to foster a greater degree of collaboration between the agencies, which is welcome.

I want to say a couple of things about resources. First, I welcome the additional £600 million that is being made available to deal with cyber-security and the cyber-threat. That is an important investment and, as has been suggested, it will almost certainly not be a one-off sum and will need to be followed up in subsequent spending periods.

On the funding of the agencies, the report says that the 11% real-terms cut is "a fair settlement", which is a fair comment by the Committee. Given the rapid growth over the past decade in the funding available to the intelligence and security agencies and given the level of cuts right across government and the public services, it probably is a fair settlement. However, as page 15 of the report states, it is essential that the funding

> "can be adjusted if there is a significant change in the threat."

I have no reason to doubt the good intentions and good faith of the Government, but their response to the Committee's report could be a bit more robust in the strength and clarity of the answer. We all accept that where things change we need to look first at reprioritising our resources. For example, the events in the middle east required a reprioritisation of the resources of the various agencies. Those agencies cannot expect simply to have new money made available if there is a new threat or a new need, but with the Olympics coming up, with the increasing threat from Northern Ireland-related terrorism and with the continuing threat from international terrorism, Parliament and the public need to know clearly from the Government that additional resources will be made available, if they are needed.

On the Olympics, it is clearly recognised by government and by the Security Service that additional officers will be required by the Security Service. Some of those officers will be drawn from existing staff, but some will be new recruits. Last November, the Committee was told that the Security Service was

> "seeking to recruit 100 new intelligence officers by November 2011".

Subsequently, in May, the Committee was told that 90% of these officers are expected to take up their posts by November 2011. We are now in that month, and the House will be pleased to hear in the Minister's winding-up speech that those staff have been recruited and trained and that they will be available well in advance of the Olympics.

Finally, on resources, I want briefly to comment on the Communications-Electronics Security Group. That little-known group operates out of GCHQ and performs an important service in providing information assurance right across government and all its agencies. The problem is that the importance of that service is not reflected in the enthusiasm of Departments and agencies in taking it up, and as a result GCHQ is out of pocket to the tune of £7 million over the past two years. We have been given repeated reassurances that a grip will be got of that situation. It is very important that that happens and that in the next financial year we have a funding model for the service that actually means that it can be provided without having to be subsidised from the GCHQ budget.

May I raise, as one or two of my right hon. Friends have done, the new counter-terrorism measures? The TPIMs are, as we know, intended to replace the control order system that went before. The Minister may or may not be pleased to learn that I do not seek to debate the principle of TPIMs as against control orders this evening, as we have done that often enough over the past few months. However, I remain of the view that the system that he is introducing is weaker, and I draw his attention to the remarks of the director general of the Security Service on page 46 of the report:

> "Covert investigation does not deliver disruption".

I do not wish to go over the principles again, but we are now six weeks away from the planned implementation of the new TPIMs system. As that system relies on additional resources being made available to the police and to the Security Service, we need to find out, in this timely debate, whether the additional officers that were to be recruited to provide the additional resource to the Security Service have been recruited and trained, and

[Paul Goggins]

whether they will be available to work on the new system as soon as it is introduced, which will presumably be early in the new year.

I also wish to draw attention, as my right hon. Friend the shadow Home Secretary did, to the director general's comment in the report that

"there should be no substantial increase in overall risk."

That of course implies that there may be some increase in the additional risk, and the Committee records that as being of concern to us. We will be taking an active interest in that in the weeks and months ahead. I am very grateful to the director general for his candid assessment of that situation, but Ministers will also need to pay close attention to whether or not the level of risk increases, and they must be prepared to act if there is any sign of an additional risk, be it substantial or otherwise.

Such action must mean either additional resources or a willingness to return to this House to implement emergency legislation, which the Government have spoken about, which they intend to subject to pre-legislative scrutiny and which would impose greater restrictions on those suspected of deep involvement in terrorist activity. My view remains the same as that of my right hon. Friend the Member for Salford and Eccles (Hazel Blears), who intervened earlier in the debate. We feel that delay would be far better than uncertainty and risk. I say again to the Minister, as plainly as I can, that this matter has gone way beyond party political squabbling, although it never was about that for me. I put it to him that if there is any doubt whatsoever, delay should be the first thing that he considers and that he would have the full support of Members on both sides of this House if he did the sensible thing.

Although I have been a member of the Committee for only the past year, it is fair to say that Northern Ireland has probably had a slightly higher profile in the Committee's work this year than in the preceding two or three years. The Committee has been told that in 2008-09 the Security Service's effort in countering Northern Ireland-related terrorism fell to some 13% of its overall effort total, which is not surprising given the progress in Northern Ireland. Not only was stage 1 of devolution delivered in 2007, but in July that year we saw the end of Operation Banner, which meant the end of Army involvement in Northern Ireland after 38 years. At that point, just a handful of dissidents remained. They were few in number, fragmented in their organisation, more interested in the proceeds of crime than in the politics of a united Ireland and technically inept in their capability. That has changed and their number has increased. Their expertise has clearly increased and now the threat level is "severe" in Northern Ireland and "substantial" in Great Britain. The director general reported to the Committee that although he has no reason to believe that an attack in Great Britain is imminent,

"I certainly believe it's in their minds".

We know that just in recent months the murder of police officer Ronan Kerr has occurred, a 500 lb bomb was placed near Newry and there have been other attacks, including on Derry's UK city of culture office. These risks are real, and I again pay tribute to those who serve in the Security Service and to the Police Service of Northern Ireland in countering that threat.

Dr Julian Lewis: Before the right hon. Gentleman moves on, he might wish to draw the House's attention to paragraph 33 of the report, which states:

"The Security Service has told the Committee that the numbers of individuals involved with the current republican terrorist groups is around half the number that were active in the Provisional IRA".

That is a very considerable number, is it not?

Paul Goggins: It is, although it is also fair to say that there are degrees of involvement. Although there may be some latent support at a fairly local level for certain individuals, the number of active people who are determined on violence in pursuit of their aims is probably still fairly limited. None the less, they are increasingly dangerous in what they do, and they need to be dealt with. That is why, as I am sure the hon. Gentleman will agree, the 34% increase in investment in the past couple of years in the Security Service's work on Northern Ireland terrorism is welcome.

There have been some positive developments, and it is important to record them in this debate. The devolution of policing and justice, of course, was a very important step in April last year. The PSNI and the Security Service have worked very well together in a new relationship over the past few years, which has borne great fruit. Only recently—this is outside the period covered by the report, but it is none the less important—Michael Campbell was convicted in Lithuania and sentenced to 12 years' imprisonment there. That was the product of some very good work, and those involved should be commended and congratulated.

I warmly welcome the Green Paper, which others have already analysed. Frankly, it takes political courage to come forward with such a Green Paper. The territory is complex and the document is hardly a vote-winner, but it is essential that we grapple with such issues and seek to try to resolve them on a cross-party basis, because they are important. The Binyam Mohamed case was clearly a major breach of the control principle and, as we have reported in our report this year, when we went to the United States and met our colleagues and counterparts there it was clear that they were shaken by this development. Although they reiterated time and again the value that they attach to the relationship between the United States and the United Kingdom on intelligence and security, they made it absolutely clear that they must know that their intelligence is safe in our hands. If they cannot trust us, it would be a very negative development.

We all agree that we want a system of open justice. Article 6, on the right to a fair trial, is a vital part of our system. As far as possible, of course, defendants and suspects should have the gist of the case against them outlined and given to them, but the problem is that the "gist" is starting to become virtually the whole case, which makes things very difficult. When evidence includes highly sensitive information, there must be a way of protecting it. Ministers have an obligation to ensure that they uphold article 6, but they also have article 2 obligations to the people who are the source of the intelligence that enables Ministers to act. Those people must be protected, too, because if Ministers were to reveal such information and thereby the identity of the sources, who might then be imperilled, it would be a terrible development. It is vital that both sources and the wider public are protected.

I welcome the proposals in the Green Paper on the closed material procedures, but, as others have said, they must be made as tight as possible. In the end, the court will always have the last word and make the ultimate decision, but it is for Parliament now to make its views absolutely clear, through statutory guidance and through the consideration, as others have said, of the statutory presumption against disclosure of foreign intelligence material. All those safeguards should be considered, but, having had the courage to introduce this Green Paper and grapple with these issues, it is vital that we get it right. We will not get an early or easy second chance to do so, so it is essential that we make the best effort that we can now.

Let me make a final point on closed material procedures. We are familiar with the arguments about the control principle and more familiar with its application to immigration cases in the Special Immigration Appeals Commission and to control orders—and TPIMs, when they are introduced. I caution the Minister, as we will increasingly need clarity on the recall of convicted terrorists who are out of prison on licence. I want to emphasise the importance of that. It is already an issue in Northern Ireland, and it will become increasingly important across the rest of the UK. When intelligence raises concerns about the continued involvement in terrorism of someone who has served their sentence and is now out in the community on licence, although that intelligence might not be able to be used further to convict that individual, it must be possible to use it to ensure that they go back into prison and continue their sentence so that the public are protected. That is another important test that the Minister will need to set himself when he comes up with the ultimate solution to the issues raised in the Green Paper.

Finally, I warmly welcome what the Green Paper has to say about the future role and remit of the Committee. I am not personally persuaded by the argument put forward by my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper) that the Chair of the Committee should always be from the Opposition party, and there was a good exchange involving my right hon. Friend the Member for Torfaen in which the arguments were advanced. It is important that the individual who is in the Chair of the Committee should be respected by not only its members but more widely across Parliament and the agencies. The Chair should have the expertise and leadership to create consensus, which is at the core of all this work. We have that in our current Chair, and whether or not a future Chair is from the Opposition or Government party, those are the key credentials that that individual must have.

I welcome the proposal that the Committee should be a Committee of Parliament, with all the safeguards that have been discussed. There should be a limited number of public sessions, which would help to explain more about the importance of the work of the intelligence and security agencies as well as that of the Committee. The remit of the Committee should run across not only policy, resources and administration, but all the work of the agencies. That already happens, and we need to ensure that it is formalised for the future.

It is also important that the Committee can not only request information but require it. As we make that move, it will place greater obligations on the Committee to ensure that it gets the information and that it knows that it has it, as well as that there is nothing missing. That means that we will need a deeper investigative capacity in the Committee. The agencies should ensure in every case that we get all the information that has been requested the first time rather than the second or third time.

Speaking personally, my first year as a member of the Committee has been fascinating and very enjoyable. I certainly look forward to the year ahead and the many challenges that lie in it. There will certainly be no let-up in those challenges, particularly with TPIMs coming into operation and the Olympic games coming to our capital city.

8.7 pm

Richard Ottaway (Croydon South) (Con): I apologise to the House for my late arrival and for missing the opening speeches, but the Foreign Affairs Committee has been sitting tonight. The President of Turkey is in town on a state visit and the Turkish Foreign Minister and Baroness Cathy Ashton, the High Representative of the EU, have given evidence to us.

It is a pleasure to follow the right hon. Member for Wythenshawe and Sale East (Paul Goggins), who is one of the new members of the Committee. I had the privilege of serving on the Committee from 2005 to 2010 and I found it to be one of the most rewarding experiences of my parliamentary life. He is quite right that Northern Ireland has moved up the agenda in recent years and I agree with virtually every point he made in his speech.

As this is the first debate on such matters in this Parliament, may I take the opportunity to pay tribute to the staff of the ISC, who are of the highest possible calibre? There are not enough of them, but that is not their fault. I also pay tribute to the agencies for their hard work and the way in which they protect the freedoms that we all value. The Foreign Secretary rightly praised them in his speech last Wednesday and we can all join him in his praise.

I also want to thank the three Chairmen I served under during those five years. Although it is regrettable that there were three, they all discharged their responsibilities with diligence and enthusiasm and were all of a very high calibre. I hope that my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) is the only Chairman we have in this Parliament, as a degree of continuity is essential.

This is the first time we have looked at the report from the outside, so to speak, and one change I have noted—I do not know whether it is my imagination—is that there seem to be fewer redactions than in the past, which we recommended in the previous Parliament. We wanted reports to flow better, and I think that has been achieved.

I share the concern about the drop in funding—a 10% cut would concern anybody. The agencies do not seem to be alarmed, but a 10% cut in staff at the Secret Intelligence Service would certainly alarm me.

We host the Olympic games next year and I see that the agencies feel they are well placed to manage risks. However, that sits a bit awkwardly with the revelations in the past couple of weeks, after the report was published, that a review of security is under way.

I agree with the Committee's conclusions about cyber-security. The national security strategy puts cyber-security as a tier 1 risk, but under the present strategy an

[Richard Ottaway]

uprising in north Africa is a tier 3 risk, so I do not know how much weight one can put on these things. At the moment, we just take the world as we find it and try to address things.

The Committee has noted that the Foreign Affairs Committee managed to get some of the World Service cuts reversed and would like to see the same happen with BBC Monitoring. I completely agree with that but I point out to members of the Intelligence and Security Committee who are present that the Foreign Affairs Committee's recommendation was initially rejected and that it took a debate under the Backbench Business Committee procedure to raise it again before the Government took that on board. We have seen the growing influence of the Backbench Business Committee, and I do not know whether the ISC wants to get down to that level—get deep down and dirty, as it were—but it may be something it has to do.

I also welcome the conclusions of the coroner who said, in relation to the report arising out of 7/7, that the ISC's conclusions were "detailed and thorough". The coroner also made some interesting recommendations about the use of photographs. I note that the Committee found that any discrepancies would not have changed its conclusions. That shows the calibre of the work being carried out by the ISC—if the coroner can describe the work as "detailed and thorough" and it can be said that conclusions would not have been affected. That is an important point to make in relation to those who were so critical of the reports when they came out.

Dr Julian Lewis: I am listening to my hon. Friend's speech with great attention and I think that another word of praise could be said for the services themselves in that context. In the past, when they have found that they have inadvertently overlooked some piece of information, in providing that information to the ISC, they have not hesitated to own up to that fact even if it opened them up to criticism. It is incumbent on us to encourage them to do that and not to be deterred from doing it because it is a slight blot on their record when they do not get things right first time.

Richard Ottaway: I completely agree, and I have always been hugely impressed by the vast quantity of information. When there was just one needle in the haystack, they might not have found it the first time around but they did find it the second time around and quite rightly, as my hon. Friend says, produced it for the Committee.

On the Green Paper, may I support the point that was made about the handling of sensitive material, which I gather was mentioned by the Chairman of the ISC in his opening speech? The recommendations in the Green Paper are sensible and offer the best way of dealing with sensitive material, but I do not think it has to be instead of using a special advocate. It could well be in addition to using a special advocate and using the presumptions set out in the Green Paper.

Let me address the role of the Committee and the way it operates. Parliamentary oversight of a secret service is always going to have limitations. I do not think there is a silver bullet, regardless of whether the Committee is a Committee of the House. Let me give an illustration. The major foreign policy objective of our engagement in Afghanistan is to deny al-Qaeda and international terrorists a base from which to carry out their operations. During the Foreign Affairs Committee's report on Afghanistan, a number of witnesses told us that that is no longer a problem in Afghanistan, so at the Liaison Committee I asked the Prime Minister whether he was still receiving intelligence to that effect and he said he was. So, we are stuck with the same old problem that a major overseas deployment of the British Army and other armed services is based on intelligence that has not been subject to the scrutiny of the House. Those of us who were here at the time of the Iraq war know the problems that that can generate. This is an echo of the past. I have come up with a least-bad option and have written to the Chairman of the ISC to ask him to put it to the appropriate quarters when a suitable opportunity arrives and then to report to the House on the veracity of that information. I hope that, in the short term, that can be a way of dealing with the matter.

Sir Malcolm Rifkind: May I say that we have been in touch with the SIS and have asked it to respond on exactly the points that my hon. Friend is concerned about?

Richard Ottaway: I am delighted to hear that because that presents a channel—certainly in the current circumstances, until there is a change in the law—through which the House can make inquiries. However, it irritates the hell out of a lot of Members that we have to do that. The fact that the ISC is not a Committee of the House has long been a bugbear. I remember debates in which Andrew MacKinlay used to go on and on about this and challenge the legitimacy of the ISC. We all love him deeply, but I think it is time to move on. It is wrong that the ISC has oversight of the Cabinet Office, which is the Department that administers the ISC. Those who are critical see the Committee as being somehow made up of Government lackeys, but that is an insult to the members of the Committee. Those who have served on the Committee know that we behave as though we were on a Select Committee; indeed, there is far less partisan behaviour on the ISC than on any other Committee I have served on. This issue can now be addressed.

We have to accept that classified information can be handled only by those who are subject to the Official Secrets Act. If one accepts that principle, it does not make much difference whether the Committee is a Committee of the House or not, but there is a good case for it becoming a Committee of the House if only to remove the suspicion that has prevailed over the years. In making the move, the devil will be in the detail. There are a number of issues to address, although I will not go into the detail now, such as the question of appointments and the fact that the Official Secrets Act does not fit easily with freedom of speech.

I think it would be sensible for the Committee to have powers to call for information that could be withheld only by the Secretary of State, rather than what happens currently. When I was on the Committee, the question "Have we seen everything?" was always at the back of my mind. It took two reports on the 7/7 bombings for us to satisfy ourselves that we had done everything. The fact that there was a second report illustrated that we had not seen everything the first time around. Another

problem to address is how redactions will be dealt with by a Committee of the House, as the Government will not be able to threaten a veto on publication. Obviously, the report will be to the House, but what will it report? It is no secret that some evidence submissions to the Government never saw the light of day in the previous Parliament. How would that be treated if the Committee were to become a Committee of the House?

This issue is a minefield, but the Government have found a way through it in their Green Paper and I support them. It is very hard to have democratic oversight of a secret service, but I think we are on the right track.

8.19 pm

Mr David Winnick (Walsall North) (Lab): I shall follow previous speakers to some extent, particularly the latter remarks of the Chair of the Foreign Affairs Committee, the hon. Member for Croydon South (Richard Ottaway). I see this as a continuation of the debate about the parliamentary accountability of the security services. Over a number of years I argued, with other Members—Labour Members—for adequate parliamentary scrutiny of the services involved in security. When I was looking up previous debates on the subject, I noted that 23 years ago, almost to the day, I argued that such scrutiny was important, and that it was therefore necessary to provide the mechanism for Members of Parliament to look into what the security services were doing.

Before the Intelligence Services Act 1994, which, as we know, established the Intelligence and Security Committee, a leading historian, Sir Michael Howard, observed in 1986:

> "So far as official government policy is concerned . . . enemy agents are found under gooseberry bushes and intelligence is brought by the storks."

In other words, children, Parliament and the public should not meddle in what were considered to be very adult matters.

At least we have a consensus that we need to move on from the limited parliamentary machinery that was established at the time. I welcome the fact that the Committee is in favour, as the Chair said and as the report makes clear, of expanding the role of the ISC. The Green Paper makes the same point.

I note that in its recommendations the Committee does not suggest public evidence, but the Green Paper does. I see no reason why such evidence should not, in certain circumstances, be given in public. If some members of the Committee immediately say, "Much of what we do can't be revealed in public; it is confidential—classified", I agree. When I spoke in 2008 and tabled an amendment, which I later withdrew, about holding public sessions, the then Foreign Secretary accepted that there was scope for holding some sessions in public and wanted to make progress on that. It was not made then, but I hope it will be now.

The then Foreign Secretary emphasised, as one would expect, the need to protect national security. Let me be clear: public sessions, yes, but most of the evidence and most of the Committee's work would be in private. There would be limited scope, as I see it and as the Green Paper recognises, for public sessions.

In the past the heads of the two main security services, MI5 and MI6, were not mentioned, as though they and the organisations did not exist. The difference is that now we have become used to the head of MI5—the current head and his predecessors—making public speeches. There is nothing novel about that. It does not necessarily get great news coverage because, as I said, it has become quite common. Last October for the first time the head of MI6 gave a public speech. Parliamentary democracy survived. The intelligence services survived. Presumably, as in the case of MI5, the head of MI6 and his successors will continue to make public speeches, where appropriate. It is true, of course, that in giving such a speech, the head of MI6 was not giving evidence and being asked questions by Members of Parliament. That, I hope, will be brought about.

The Chair of the Home Affairs Committee made the point that when, from time to time, we have sessions with MI5—he mentioned MI5, so I will mention it as well—we are told that if we want to have such briefings, which obviously are private and remain so, we should go over to Millbank. I do not see any reason why we should do that any longer. If it continues, I for one, as a member of the Home Affairs Committee, would be most reluctant to do so. It seems to me that if MI5 is going to give briefings on a confidential basis, the director general should come to the House of Commons, not the other way round. It is not a major point, but it asserts the supremacy of Parliament.

My right hon. Friend the Member for Torfaen (Paul Murphy), a former Chair of the ISC, and a very good Chair, as is the present one, spoke about Members. I hope all Members of the House are reliable and can be given information on a confidential basis. I am not putting myself forward as a candidate for membership as I do not particularly want to join the Committee. If it was said in the past—not, I hope, in the present Parliament—that there are some rogue elements among Members, the same applies to the Security Service. Peter Wright and other elements, a small minority of the Security Service, apparently believed that Harold Wilson was an agent of Moscow and acted on the instructions of the Kremlin. Let us be clear that in the past there have been rogue elements—a very small minority—among Members of Parliament, as in the security services.

Mr George Howarth: Although what my hon. Friend says about some of the personalities involved is undoubtedly true, does he think it would give great cause for concern if there were rogue elements within the security services being overseen by rogue elements in the House of Commons?

Mr Winnick: Yes. I do not think it would help our national security. I hope that satisfies my right hon. Friend. I do not know what other answer I could give to that question.

In previous debates I have criticised the ISC. I do not believe, and I am hardly alone in this, that it has been robust enough about the allegations of complicity in torture. The present Chair of the Committee said that there is no allegation whatsoever that British security officials have in any way taken part in torture. I accept that entirely. I said in the previous debate that there is not the slightest evidence that such torture has been used by British security services, but clearly the allegation, which is a very serious allegation, is complicity in torture. In respect of what has been happening abroad—the

[Mr Winnick]

water-boarding, 160 times in one instance, carried out by the United States on an individual, Guantanamo remaining opening, the practices that went on there, the Pakistan security service and so on—the allegation is that British security officials knew what was happening and took no action. That is an extremely serious allegation. Peter Gibson's inquiry is therefore to be welcomed. I am not sure whether the inquiry is already under way or when it is likely to conclude and publish its report, but perhaps the Minister will clarify that when responding to the debate.

The question is whether the ISC was sufficiently robust when looking at the matter. In my view it was not. The Joint Committee on Human Rights, in a report produced last year, was critical of the ISC in such matters and expressed concern about the adequacy of the parliamentary mechanism for oversight of the intelligence and security services. I hope that there will be a different approach in future. It is very important that the ISC does not give the impression that it is simply the voice of the security services or that it is reluctant to criticise, because if that was its attitude it would not be doing its proper job. Unlike some Members, I have reservations about relevant sensitive material not being disclosed in court, and I will be very surprised if that is not the subject of further debate in the House.

In conclusion, I in no way underestimate the acute and continuing terrorist danger to our country. Sometimes critics such as me are accused of underestimating, not recognising or playing down, the terrorist danger, but I certainly do not underestimate the danger, and I take the point as well about republican dissidents in Northern Ireland. Even if 7/7 and what was attempted a fortnight later had not happened, I would recognise first and foremost that this country faces an acute danger from Islamists who clearly believe that murdering as many people as possible is the way to paradise. Hon. Members have today put various views and arguments on how we should deal with the terrorist danger, and that debate will continue for some time. However, the greater the danger and the greater the role of the security services in trying to protect our country from further atrocities and mass murder, the greater the need for effective parliamentary scrutiny of those involved. It is absolutely essential that the changes proposed by the Committee and set out in the Green Paper are implemented in the near future.

8.32 pm

Sir Menzies Campbell (North East Fife) (LD): I should begin with an apology because it has been my misfortune to miss a large part of the debate owing to a prior commitment, which was on behalf of Parliament but outside the House. However, I have had the opportunity to listen to the debate and hear some very fine and perceptive speeches. I hope that I may be excused for singling out the right hon. Member for Torfaen (Paul Murphy), who made a very wise contribution. I was also pleased to hear the right hon. Member for Wythenshawe and Sale East (Paul Goggins), with whom I serve on the Committee, because his four years in the Northern Ireland Office undoubtedly qualify him to speak with common sense and great knowledge of the problems Northern Ireland presents, not least in recent times. The right hon. Gentleman referred to the Chair. I think that the Chair should be the best person for the job because any kind of preference, however well intentioned, could stand in the way of the Committee's efficient working.

As for what the hon. Member for Walsall North (Mr Winnick) said, or at least implied, anyone who doubts the independence of the Committee over the years should come to the office and look at the photographs on the wall of the people who have constituted the Committee over 20 odd years. He will not find one of them, man or woman, who could be described in any way as less than fully independent. My experience as a relatively new member led me to believe from the very beginning that the quality I had to demonstrate most of all was independence.

Despite the independence of those who have served on the Committee, it is interesting to note the extent to which its role has been misunderstood, and often in circles where one would have hoped that its role would be much better appreciated. That is one of the most compelling arguments for the changes in the Committee that the Committee itself has recommended and that now form part of the Green Paper.

Mr Winnick: When I made my criticism of the Committee, I cited what the Joint Committee on Human Rights reported last year—that the Committee had not been sufficiently robust in dealing with the allegations of complicity in torture.

Sir Menzies Campbell: That is a matter of judgment. Members of the Committee sign the Official Secrets Act and are subject to constraints when it comes to any criticism directed at them either collectively or individually. Based on my experience, however, I have never seen any action—or lack of action—on the part of the Committee which suggested a lack of independence of thought.

Paul Murphy *indicated assent.*

Mr George Howarth *indicated assent.*

Sir Menzies Campbell: I see members of the Committee, both past and present, nodding in agreement.

I talked about independence a moment or two ago, but two other elements are important to the Committee's membership: experience and judgment. The assessment of these is of enormous significance and importance, and, given that the ultimate responsibility for security in this country rests with the Prime Minister, the Prime Minister ought to play a significant part in the formation of the Committee. We can argue about whether he should play a part after or in advance of an election, but that is a detail for another day. I am in no doubt about the principle, however, that as the Prime Minister answers to the nation—to the country—for the security of the country, in this matter at least he ought to have a determining role.

One other thing that has been brought rather remarkably to my attention is that the success of the three agencies depends on their co-operation. Those with longer—or perhaps not that much longer—memories than I will remember that there have been occasions in the not-so-distant past when the agencies have to some extent seemed at odds, when there has been a certain amount

of competition and when they have found it difficult to share common objectives and, indeed, common information.

The greater effectiveness of the services collectively has come about because of increasing co-operation. In the four years or so that I have been a member of the Committee, I have seen that co-operation grow and blossom. Co-operation is necessary because no one agency can hope to be the fount of all intelligence wisdom any more than one country can. That is why our relations with our allies are of very considerable significance, and why the debate and, indeed, controversy about the control principle have become so salient.

I echo what others have said. When we last went to the United States, there was strong anecdotal evidence from people in positions of authority and responsibility that their anxiety about the control principle, or the lack of its application, might—if it had not already—inhibit the volume and quality of intelligence that they were willing to share.

If someone has that anxiety and concern, they have a simple way of dealing with it: they just stop giving significant information. The problem is that if ours is the country expecting to receive information of that quality, we have no way of knowing that they have stopped. The supplier can simply turn off the tap, and we have no way of knowing whether what we still receive is of quality or, indeed, the sort of worth that the arrangements between our closest allies have often provided.

It has been said—it is an entirely logical position to take—that if there is to be protection of information provided to us under the control principle, that enhances the argument for scrutiny at the instance of the Committee of the services. I certainly agree with that principle. That is why I hope that I am in the vanguard of those who support the proposal that the Committee become a Committee of Parliament, perhaps selected using the same method as that used by the Standards and Privileges Committee. However, as I have said, an important role and responsibility should rest with the Prime Minister.

Like some more long-standing Members, I remember the debates that surrounded the creation of the Intelligence and Security Committee and the atmosphere in which it was launched, which was very different from that now surrounding the Committee's activities. Although I was not a member of the Committee at the time of its inception, I imagine that the atmosphere was also very different then between the Committee and the services. I do not doubt for a moment that the services were perhaps suspicious but certainly apprehensive about the extent to which the Committee might inhibit or create some kind of obstacle to their activities.

For that reason, we are entitled not only to change the form of the Committee but certainly to increase its powers. That is why the recommendation that we be able to "require" information rather than request it seems an essential part of the change that the Green Paper envisages. However, as others have said, the Committee staff is very modest in number. If the Committee is to fulfil this wider remit, it must have many more resources; otherwise it will have greater responsibility but less capability. That would be bound to reduce not only the quantity but the quality of scrutiny.

I am amused by the suggestion that rogue elements of Parliament might be keeping tabs on rogue members of the security services. It occurred to me that perhaps the best way to keep tabs on rogue elements of Parliament would be to employ the services of rogue elements of the security services. The latter proposition may prove more powerful than the first.

This is an annual debate of great importance. It is true that the quality of the Committee's work depends to a large extent on the quality of the work done by its staff. That in turn depends on the quality of the activities carried out by those who work for the agencies. My experience of these people is that they are professional, unassuming and that they essentially live in the shade. There is no glory attached to what they do and there is hardly ever any public recognition. It is not the most generously remunerated occupation and it necessarily imposes considerable restrictions on personal life, on the ability to live in a normal way and even sometimes on someone being able to say what their occupation is. These are people of enormous quality. If one were looking for a fictional comparison, which is always dangerous, it is rather less like Ian Fleming and rather more like John le Carré.

The right hon. Member for Wythenshawe and Sale East very properly paid tribute to the quality of the members of the agencies, and I would most certainly like to do so too. I also pay tribute to the leadership in the agencies, because that has not been expressly referred to. Daily challenges have to be faced. One substantial challenge coming down the track is the Olympic games. I am not an entirely impartial observer of that because I attend the Olympic Board under the chairmanship of the Secretary of State for Culture, Olympics, Media and Sport and, indeed, the Mayor. The Olympics will be a very formidable challenge.

Let me say, in parenthesis, that everyone with any interest in sport remembers the horrific outrage of Munich. If anything of that kind were to happen in any other games, it would inevitably be definitive. Therefore, in the next 12 months or so these unassuming professional people will, perhaps from a domestic point of view, face a more severe challenge than they have ever faced before. I am confident that they will meet that challenge.

8.45 pm

Mr George Howarth (Knowsley) (Lab): It is a great pleasure to follow the right hon. and learned Member for North East Fife (Sir Menzies Campbell), who has demonstrated the qualities that we have all come to respect in him: first, he has good judgment; and secondly, he is unerringly fair in the judgments that he exercises. It is a pleasure to serve with him. I think we are now the two old lags of the Committee.

Sir Menzies Campbell: But look how young we look!

Mr Howarth: In my case, yes. *[Interruption.]* We are both certainly young in our outlook.

I should like to echo the praise that the right hon. and learned Gentleman gave to the agencies and to the staff of the ISC, who are very open with us, very helpful, and enable us to do the job that we have been appointed to do. When we go to visit the agencies—sometimes we do have to make visits, like other Committees—or when they come to give evidence, those events are invariably well organised and well informed. Our most recent visit, which was to GCHQ, was no exception, and I learned a lot from it. It was well structured and well organised, and it is important to acknowledge that.

[Mr George Howarth]

Before I move on to the three key issues that I want to cover, it is important to recognise that the impartiality, or independence, of the Committee is paramount and, in my experience, can be relied on. Michael Mates, a former member of the Committee who, until he retired at the last election, served on it from the outset, used to say that when the Committee meets, our political affiliations are left at the door. In my experience, that is the exactly the case. We are seeking not to score party political points, but to get at the truth and carry out the job of scrutinising the work of the agencies concerned.

That leads me on to my first point, which is about the reform of the Committee. A great deal has been said about that already, and I will not repeat it all, but I want to make two observations. First, I agree with the right hon. and learned Member for North East Fife and my right hon. Friend the Member for Torfaen (Paul Murphy) in that I am unconcerned about whether the Chairman of the Committee is a member of the governing party or of the Opposition party. I have served under four Chairmen—their downfall, in three cases, had nothing whatsoever to do with me—and I have found them all to be extremely capable and experienced. Whatever their political affiliation was, it never influenced how the Committee was conducted. The most important thing is that we get the right man or woman in the job. I hope, like the hon. Member for Croydon South (Richard Ottaway), that we might have some continuity with the current Chairman during the course of this Parliament, because that is helpful.

Secondly, I support the reforms of the Committee set out in the Green Paper and covered in our report. Let us be brutally frank: there are now two Prime Ministers who have wanted reforms in this direction, and it would be a very foolish Committee that did not notice that they were both from different parties and that perhaps the time for change had arrived. I therefore have no problem with the reforms.

However, we need to be careful about one thing. We should not set up the expectation that these reforms will make the whole operation of the services and everything that they do a matter of public knowledge. As the Chairman of the Committee said at the outset, there is information that we are party to that we can never make public because we sign the Official Secrets Act and, by and large, retain the trust of the agencies. That is why we sometimes, reluctantly, have to put redactions in our annual reports. Principled critics of the Committee criticise it because we have access to privileged and secret information. States will always have secrets, and necessarily so. We should not lead anybody to believe that everything that we know will be made public as a result of the reforms of the Committee. I know that nobody is claiming that and I do not mean this as a criticism of the Government or other Committee members. However, it is important, as the right hon. and learned Member for Kensington (Sir Malcolm Rifkind) made clear at the outset, that there will not be a free-for-all in relation to the information that the state has and what can be made public. The brutal truth is that a state secret that becomes public is no longer a state secret and is therefore useless.

My second point is about cyber-security. That issue has been covered extensively, but I want to cover it in a slightly different way. It is not a new issue. In June 2009, the Cabinet Office produced the "Cyber Security Strategy of the United Kingdom", which rightly stated that it was an urgent, high-level issue that could not be ignored. More recently, in October 2010, the national security strategy cited

> "Hostile attacks upon UK cyber space by other states and large scale cyber crime"

as a tier-one risk, as the right hon. and learned Member for Kensington has said. For several years, the importance of this issue has been acknowledged. However, for national security and diplomatic reasons, the UK has been coy about naming those responsible, at least until recently. I will say a little more about the recent developments where those responsible have been named in a moment.

First, I want to use this opportunity to emphasise how important this issue is for our country. Our annual report makes it clear that we generally approve of the cross-cutting approach that the Government are taking on cyber-security. It states rightly that the Government's decision to move ministerial responsibility for the issue to the Cabinet Office, which is better placed to deal with such issues across Departments, is appropriate. That was a good move on the part of the Government.

It is also important that we seek better international cyber-security controls against cyber-attacks. I do not underestimate the difficulties that that presents. I am well aware that the Foreign Secretary is on the case and is raising this issue in international forums, no doubt discretely. I believe that we need to develop international protocols and controls over the coming years to make it easier to get control over what is going on across the world. I do not make that point in a spirit of criticism, I merely say that the matter has to be given some prominence. I hope that the Under-Secretary of State for the Home Department, the hon. Member for Old Bexley and Sidcup (James Brokenshire), might be able to support that point of view when he winds up the debate. It is in the interests of our national security, and of businesses in the UK, that we take such an approach.

I wish to make one further point on cyber-security that is perhaps less driven by consensus than those that I have already made. It concerns the role and status of the Prime Minister's official representative to business on cyber-security, Baroness Neville-Jones, who was of course Security Minister until May. Over recent years, our Committee has struggled with both the current and previous Government on whether those primarily responsible for attacks could be named in our reports. I am sure the right hon. and learned Member for North East Fife would bear me out on that. Up until this year, we were losing that struggle. However, there has been movement. In his recent signed article in *The Times*, the head of GCHQ, Mr Iain Lobban, flagged up the importance of the issue, but sensibly declined to say which countries were responsible.

In our report, published in July, we went further, stating:

> "The greatest threat of electronic attack continues to be posed by State actors and, of those, Russia and China are"

suspected of carrying out "the majority of attacks." That form of words, carefully nuanced and the product of thorough negotiations between the services, the Government and our Committee, was the best way of putting it. Certainly the Government and the agencies concerned seemed to believe that that was the right way

to describe the situation. However, when Baroness Neville-Jones was pressed in an interview on Radio 4's "The World at One" about whether China and Russia were involved in such attacks, she responded, "They certainly are". That is rather further than anybody else has gone.

The reason for highlighting that is straightforward. Either it is right to be circumspect about naming the states concerned, or it is not. It is not clear to me whether Baroness Neville-Jones speaks for the Government or whether she is, as it were, a free spirit in these matters. We need to know with what authority she speaks, and to what extent anything she says can be attributed to the Government or to the agencies concerned. Perhaps the Minister might be able to say a little about the noble Lady's position, and what her status and authority is.

I turn to the use of intelligence material as evidence. The issue has arisen principally from the Binyam Mohamed case, and the Government have brought forward a way of dealing with it that may or may not work. I agree with the points made in our annual report about the matter, but what concerns me is that, no matter how Parliament may express itself on the issue, what guidance is given to the judiciary or what clauses are put in Bills, at the end of the day judges who will handle such cases will have to make a choice between, on the one hand, what is in the national interest and important for national security, and on the other hand the conduct of the court and the particular trial that is taking place. My fear is that the conduct of the trial and the proceedings of the court will, in some cases, as in the Binyam Mohamed case, take precedence over what Parliament intended, anything in any particular Act of Parliament, and the national interest. This is not an attack on judges. I have tried to think of this by asking myself, "What if I were sitting in that chair and had to make that choice," but they might ask, "What am I responsible for?" The answer is that they are responsible for the good conduct of that trial.

Why is that important? Several hon. Members, including the right hon. and learned Member for Kensington, who chairs the Committee, have made the point that it is hugely important that the co-operation we have with foreign Governments on intelligence remains something on which we can rely. In turn, it is vital that those Governments feel that intelligence that is passed to the UK will not be made public in court proceedings. I would go slightly further than the right hon. and learned Member for North East Fife. I believe that the amount and quality of intelligence that we have received from the US since the Binyam Mohamed case has declined. As the right hon. and learned Gentleman said, that is a difficult case to prove, and I cannot within the confines of this debate give chapter and verse on it—certain issues of which I am aware cannot be discussed in public—but most well informed people who have made a judgment on the matter believe that co-operation between the US and the UK has declined.

That is important not from the point of view of the volume of information that we receive, but because incidents have been prevented on the basis of intelligence co-operation not only with the US, but with other close allies. The reputation of the UK could become such that foreign agencies and Governments feel they cannot share information with us because it will end up being broadcast all over the place in a court case. As has already been said, there is evidence that fishing trips are being made in the British courts to support cases elsewhere.

I am not necessarily saying that the Government have got it wrong. My point is that we need to think long and hard about how we will handle this, not because of any political matter that might attach itself to the problem, and not even because of day-to-day political relationships with other Governments, but because getting as much information as we can is in our national interest and the interests of the security of our people. I hope that will be addressed fully and sustainably as things develop and in legislation. It should be addressed in a way that does not leave the courts feeling that they can do what they like regardless.

As other hon. Members have said, it is an enormous privilege to be a member of the Intelligence and Security Committee—it is now six years since I was fortunate to be appointed to it. The Committee is sometimes criticised not for what we do, but for what we cannot say. We should be careful in how we deal with that. Hopefully, we are all big enough and experienced enough to know that we sometimes have to take a hit as a Committee and as individuals because some sections of the press and the media want to know what we know and we cannot tell them, but at the end of the day, being able properly to oversee the activities of the agencies and knowing why the public need to be protected overrides our concerns about any criticism we might get in the media.

9.5 pm

Hazel Blears (Salford and Eccles) (Lab): It is a great pleasure to follow my right hon. Friend the Member for Knowsley (Mr Howarth), who has immense experience in intelligence and security matters.

I have only been a Committee member since the beginning of this Parliament, and this is the first annual report with which I have been involved. I want to put on the record my thanks to former members, including my right hon. Friend the Member for Torfaen (Paul Murphy), who have pursued challenging issues with great diligence, tenacity and, as my right hon. Friend the Member for Knowsley has said, often while subject to criticism simply because the Committee was unable to share with the world at large the information on which it had based its judgments. In some ways, being on the Committee is a great honour, but in others it is a thankless task. Nevertheless, every member, irrespective of their political party, has done their job with tremendous pride and great results.

I also praise the leadership of our Chair, the right hon. and learned Member for Kensington (Sir Malcolm Rifkind). Since becoming a Committee member, I have noticed not only his ability to get the best out of everybody, which is the most important characteristic of any Committee Chair, but his personal focus, energy and determination to make progress. We would not have the proposals in the Green Paper on strengthening parliamentary oversight, or at least they would not be so good, had it not been for his personal commitment, so he can rest assured and sleep easy in his bed tonight—I am not after his job and I am more than content for him to carry on.

The Committee operates in a spirit of constructive consensus. There is a general sense of personal commitment from all its members—for example, we meet every week, which many members of the public do not realise. I have benefited from the experience of members who have served previously. We have members with extremely

[Hazel Blears]

diverse experience—I have thoroughly enjoyed the contribution by the hon. Member for New Forest East (Dr Lewis), who, as I said in an intervention, had tremendous experience in these matters even before he came to the House. Such experience informs the Committee's work. Furthermore, we have the undoubted wisdom of our two distinguished Members of the House of Lords, who, in their own ways, make a fantastic contribution.

I want to place on the record—this sounds a bit like an obituary—the work of our fantastic secretariat, which no one has mentioned yet. Its staff are few in number, which is a point I shall come to later, but their breadth of knowledge, their institutional memory and their tenacity in following the threads of an inquiry are extremely impressive and have proved invaluable to the Committee in pursuing our inquiries this year.

We are charged by statute with looking at the administration, expenditure and policy of the services, and much of our work is devoted to that, because we have to ensure that the services are operating properly, acting within the legal framework and seeking value for money. Several hon. Members tonight have talked about the tight budget settlement. It is a fair settlement, given the general economic situation, but nevertheless we must keep an eye on such pressures on the services.

I have been very impressed by the agencies' openness and frankness with the Committee—as my right hon. Friend the Member for Torfaen has said, that is about trust. While we have that trust relationship, they are amazingly open with the Committee, not only on policy and administration matters, but, as has been mentioned, on operational matters. That is an important part of what the Committee does, because we cannot properly consider policy in isolation from the operations governed by that policy. If, therefore, the Committee is to do the job that it is charged with doing, it needs to look at those operations, albeit retrospectively, as hon. Members have said.

Recently, the agencies have given access to our investigator in a way that has been really positive. Owing to time restraints, the Committee inevitably cannot delve into certain issues in order to get to the detail, and our investigator has done some excellent reports on vetting and on the use of consultants and contractors. That is one reason why the proposal to give the Committee more investigative resources is so important. If we are to pursue a wider range of inquiries, we need the ability to do that to a high level of competence.

We have also visited the agencies, using the opportunity to talk not only with the heads of the services and senior officials, but with those operating at the front line on some of the most challenging issues, be they counter-terrorism here in Britain, support for military operations overseas or the development of technology to combat the cyber-threat. Like other members of the Committee, I have been hugely encouraged by the professionalism and commitment of those people in working to keep our country safe, often at great personal risk. Many are young people, and they are enthusiastic and amazingly intelligent. However, I am also heartened by the fact that they have such a well developed awareness that they have to operate within a legal and human rights framework that supports our democratic values both here and abroad. Some people think that there might be an almost cavalier attitude towards human rights in the agencies. However, from my discussions with the people involved in operational matters—the people charged with doing this work—I can tell the House that it is hugely refreshing to see that they are almost self-policing when it comes to the legal framework within which they operate. That should give us all some security and assurance.

I pay tribute to those in the services who have made the ultimate sacrifice. There are people in our services, whether on military operations abroad or in hostile circumstances, who have died while on duty serving the country. They cannot be acknowledged publicly—the services do their best, in what they can do, to acknowledge them privately—but it is important that we should pay tribute to those who have given their lives in the service of our country. We owe them a great debt.

In the world of secret intelligence, when people are operating in the most dangerous and hostile areas of the world, difficult decisions will always need to be taken, which is why the work of the ISC in scrutinising how the agencies operate is vital if we are to retain public trust in the agencies' work. The most controversial issues arise when difficult decisions have to be made. It is essential that, while protecting our secrets, our agents and our techniques, we can assure the public that our intelligence agencies operate within the rule of law. The ISC has an important responsibility not only to provide scrutiny, but to perform the essential role of reassuring the public.

That is why we have begun to discuss having an occasional public evidence session. Clearly that cannot apply to the majority of our business, which has to be in secret because we must have that confidential relationship, but there is more to be done. In an age when information is everywhere and when the public are more sceptical about the work of authority in general, there is more to be done to reassure the public that the services are operating within the framework of the rule of law and within a robust human rights framework, too. That is why it is important that effective, independent and properly resourced oversight is available to us.

We have had lots of speeches this evening and, between us, members of the Committee have managed to cover most of the ground, as ever. However, I want to raise a couple of things in the annual report with the Minister and ask him some questions that he might be able to answer in his winding-up speech. He will know that I have long been concerned about the security threat at the Olympics. That is not a partisan issue, because we are all worried about it. We need to ensure that we do everything that we can to protect the public at a time of heightened risk. We have been told that we need 100 extra agents and that it takes a year to recruit and train them. I would welcome an assurance that by the time we get to the Olympic games we will have in place the resources that were promised and that we need to provide that reassurance.

I have to say to the Minister that the Government response to the issues that we raised about the Olympics in our annual report is a little obtuse. It says that the service will be able to

"build further capacity and strengthen the resilience of its processes,"

and that its response is

"designed to be scalable...to maximise agility in meeting surge requirements, while continuing to respond to business-as-usual demands".

That sounds to me like something out of a corporate annual business report, so I would welcome a little more clarity—perhaps in plain English—about what the pressures are, what resources are in place and why the Government are reassured that the Security Service is able to manage at what will undoubtedly be a time of increased threat.

I have raised TPIMs many times with the Minister, as has my right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins). I thought we had a very good Committee stage on the Terrorism Prevention and Investigation Measures Bill, with many more Members contributing than is usually the case, and the Minister was generous in dealing with the issues that we raised. I am afraid, however, that although he was generous, he has not managed entirely to reassure me. I still honestly believe that it is common sense simply to delay the implementation of the transition from control orders to TPIMs until the Olympic games have concluded. It is not a matter of the Government losing faith; it is not about backtracking; and it is not about moving away from the original policy, with which, incidentally, as the Minister knows, I do not agree. He seems intent on this policy, but to cope with the extra threat without adding extreme layers of risk into what is already a highly charged situation, he could simply say that the Bill will not come into force until October next year. That would at least get us past the Olympics. If he is not prepared to do that, will he tell us in his winding-up speech why he is not prepared to take that straightforward step?

Another issue was discussed by the hon. Member for New Forest East, but not by other hon. Members. This is the issue of the Prevent review and the role of the Research, Information and Communications Unit, which is dealt with on pages 44 and 45 of our report. The Prevent review was supposed to be published in January this year, but it was not actually published until July. That was too late for us to be able to examine its impact, so it is an issue to which the Committee will return. The Home Secretary promised time for a parliamentary debate on the Prevent review, but it has not yet happened. Will the Minister tell us when that debate will take place?

The key issue is to separate Prevent work, by putting it in the Home Office, from the integration work in the Department for Communities and Local Government. The integration strategy—again, long promised—has not yet materialised. It has been trailed in the press today, and if the press reports are correct, one proposal of the Secretary of State for Communities and Local Government is to start a British curry college. I am not quite sure how that fits with an integration strategy, but I am ready to be convinced about the benefits of pakoras, onion bhajis and goodness knows what else! Levity aside, that integration strategy is absolutely key if we are to do the vital work of ensuring that young people feel very much part of British society, so that they cannot be groomed, radicalised and drawn into that world, which, unfortunately, has happened all too often in the past.

I tabled a series of parliamentary questions about the Prevent review, of which the Minister is aware, asking which groups the Government were going to work with, which previously funded groups will no longer be funded because they do not share our democratic values, how we will ensure that groups sign up to democratic values if we are going to work with them in future and what practical work will be done on the ground. I have to say with some regret to the Minister that the answers to my parliamentary questions were entirely unsatisfactory. I would go as far as to say, although not in an insulting way, that the answers were stonewalling. If the ISC occasionally cannot answer questions because of secrecy, the Minister seems to be rather expert at not answering my questions. I did not feel that the questions related to secret matters, so I ask the Minister to revisit my parliamentary questions and provide me with some answers.

The hon. Member for New Forest East talked about the significant budget for the Research, Information and Communications Unit, but we have no way of knowing whether it is appropriate, whether it helps to achieve the objectives that it should or whether further evaluation is necessary. I entirely accept that evaluation of Prevent, RICU, counter-radicalisation and counter-narrative is really difficult. I struggled with these issues when I was the Secretary of State with responsibility for this area of policy, but it is essential that we work on evaluation and know how effective we are at steering young people away from extremism. We must minimise the number of people who, unfortunately, are going to find themselves in this territory. There is nothing more pressing for our country. Heaven forbid that we should have another attack. I was a Minister at the time of 7/7. I feel a great personal responsibility on this agenda. Heaven forbid that another event happens because we have not done enough work to be able to identify people early, to steer them away from extremism, to give them a real sense of British identity and to be part of our community. That is why I press the Minister so heavily on these issues.

I think that the problem of detainees is one of the most significant with which we must deal. The Prime Minister has taken a number of actions: he has set up the Gibson inquiry; he has helped to secure a settlement in the Guantanamo Bay cases; he has issued consolidated guidance on the treatment of detainees; and he has drawn up the measures in the Green Paper. However, I feel that both public reassurance and the reputation and morale in the services are at stake.

Last week, in what I considered to be a groundbreaking speech on secret intelligence, the Foreign Secretary said that

> "we also saw allegations of UK complicity in extraordinary rendition leading to torture. The very making of these allegations undermined Britain's standing in the world as a country that upholds international law and abhors torture. Torture is unacceptable in any circumstances. It is abhorrent, it is wrong, and Britain will never condone it."

I think that every single Member in the House today would support that sentiment. The Foreign Secretary also said:

> "As a nation we need to be an inspiring example of the values we hold dear and that we want to encourage others to take up."

In the past—not when I was a member of it—the Committee has taken evidence about the treatment of detainees and allegations of complicity by our services in the maltreatment of detainees by foreign intelligence agencies. I believe that such matters corrode public trust and internal morale if they are allowed to endure, which is why I think it important for Sir Peter Gibson's inquiry to be as open and transparent as possible—commensurate, of course, with the protection of our national security.

[Hazel Blears]

I want to hear from the Minister when we can get on with the inquiry. I know that there are problems involving police issues and witnesses, but delaying the start of the inquiry's work and its reassurance of the public can only be damaging. I also know that some people are worried about the inquiry, because they want all the evidence to be published and to be open and transparent, which is a difficult issue. It is the same issue that arises in the justice and security Green Paper about how we should protect information from our allies when national security is at stake.

We are faced with an unenviable choice between completely open inquiries in which key material that would expose our secrets cannot be used and decisions must therefore be based on an incomplete understanding of the facts, and partly closed proceedings in which only members of the inquiry team, or a judge in a court case, have seen the secret material. Closed proceedings are, of course, unsatisfactory, but at least they ensure that decisions are based on all the relevant information. That is the dilemma that must be faced, and the choice that must be made. Do we want open proceedings in which judgments are made in ignorance of the facts, or are we prepared to allow limited, tightly controlled closed proceedings in which it is at least possible to obtain all the information before the person who makes the final judgment?

I do not think that that dilemma can be resolved to the absolute satisfaction of all parties, so compromises will be necessary. That is the real world with which must we deal in relation to security agencies, secret intelligence and the national security of our country. It is always a matter of balancing the risks and making difficult decisions. However, at least in a democracy such as ours, it will be for our elected Parliament to consider some of those matters in future legislation, when there will be the opportunity for a wide-ranging public debate.

In the case of al-Rawi in the Supreme Court, Lord Clarke said that he was not prepared to grant closed proceedings, and that those were matters properly for Parliament to resolve. We, too, need to deal with these issues. I want to hear from the Minister when we will have legislation if he proceeds with the proposals in the justice and security Green Paper. Will there be a separate Bill? Will it be a broad justice Bill? There is an urgent need, and an impetus, for such matters to be resolved.

We have heard a great deal this evening about the Binyam Mohamed case and the control principle. That ground is well established, but it is difficult territory. I commend the Government on the Green Paper, because it takes a great deal of courage to tackle such issues head on. Inevitably, some "voices off" will accuse the Government of being authoritarian and illiberal, while others will claim that they are not protecting information sufficiently to reassure our allies. It is a no-win situation, but at least the Government have gripped it. I merely wish to add my weight and to say, "If we are going to tackle this, let us get on with making it happen."

We have a range of options. The option that the Government wish to pursue is that of closed proceedings. I well remember, as the Minister who dealt with the control orders legislation, how controversial closed proceedings and special advocates were at that time. That is a departure from our traditional legal system of open, transparent justice, where evidence is presented to the court, tested and cross-examined in front of a judge and a decision is then made. I do not think that we have found a better way of dealing with matters involving secret intelligence however, and although all of us would be reluctant to go down this path as it is not something we would want to do, I cannot see an alternative.

I ask the Minister to consider not only closed material proceedings, but the possibility of the presumption of exclusion in certain classes of cases, as proposed in the public interest immunity option, or the assertion of state secrets—again, that would involve a rebuttable presumption that could be put before the courts. In framing the legislation, it is important that the courts understand what the mischief is that we are trying to deal with, which is exactly what they will look at in respect of statutory interpretation.

I support all the Committee recommendations. I agree that we should look at operations retrospectively, as well as considering policy. The Home Secretary said that she is pondering whether the commissioner might look at the effectiveness of operational policy. My understanding is that the inspectors' role is to look at compliance with policy and the law. Again, I ask the Minister to think very carefully about this, because the last thing we want is confusion between the role of parliamentary oversight in looking at operational policy and the role of independent oversight.

When I have visited the services and met the men and women—there are both men and women—working on our behalf, I am acutely conscious of the need to develop all our staff so they can achieve their potential. I believe that there are currently too few women at senior levels in our services. I have raised that with the agencies. I do not say that every woman is empathetic or a good listener, but women have skills that are vital to our intelligence services. I am the only woman currently serving on the ISC, and the Chair knows that I am pursuing these issues. It is important that we draw on every bit of talent, knowledge, potential and skill in our services, which includes men and women working together. I ask the Minister to reinforce that message.

I commend the report to the House.

9.27 pm

Mr Tobias Ellwood (Bournemouth East) (Con): It is a pleasure to follow the right hon. Member for Salford and Eccles (Hazel Blears). She speaks with compassion and conviction, and she articulates her points very well. She is an asset to the Committee, and it has also been a pleasure to work with her on other Committees.

As the final Back-Bench speaker, I should consider what points are left to be made in what has been a very informative debate. It is important that the British public and Parliament have confidence in the agencies' ability to keep us safe, and to do so within the framework of the law and our democratic values. I therefore add my congratulations to the Committee and its Chairman on the work they do in helping to realise those objectives.

The Committee has now been in existence for 16 years, since the Intelligence Services Act 1994, and it is clear that greater transparency has been introduced year after year. The security services have, of course, been in existence for much longer than that, but it is also clear that the public remain largely unaware of what they really do. It has been left to romanticised fictional characters, from James Bond to George Smiley, to

portray the role of our clandestine services, apart from when information has occasionally spilled out into the public domain, such as the revelations about the Cambridge spies and the break-up of the Soviet spy ring in the 1970s. Indeed, so well are our secrets kept that it was not until the right hon. Member for Blackburn (Mr Straw) became Home Secretary that he discovered the existence of his own MI5 file dating back to his days as a student radical. That shows how well our clandestine services can keep secrets.

Our modern-day service dates back to 1909, when it was called the Secret Service Bureau, but intelligence monitoring, collection and interception dates back far further—all the way back to the 15th century. Thomas Cromwell ran secret agents in Europe on behalf of Henry VIII and the famous Sir Francis Walsingham, private secretary to Elizabeth I, developed expertise in secret interception and maintained a network of more than 50 agents abroad. For the sake of completion, we must not forget the masters of intelligence gathering: those in the Whips Office. The party enforcers have long developed that dark art of intelligence gathering and monitoring, not to mention a range of creative punishments lest Members drift astray.

On a serious note, we live in turbulent times and there has been a focus on our secret intelligence services since 9/11. More demands have been placed on them, as our nation expects them to prevent attacks by recognising where they are coming from and intervening before they get out of hand. As I mentioned in an intervention, I believe that after 9/11 too much unchecked power fell into those hands, and the very standards that successive generations fought hard to create, defend and preserve slipped. As the Chairman of the Committee rightly pointed out, there is no criticism of the British intelligence services or their methods of gathering intelligence. We should be more focused on how we use that intelligence, how it was portrayed by the politicians and the consequences of the actions taken after that. Given Guantanamo Bay, rendition, water-boarding, the justification for the Iraq war, dodgy dossiers and so on, hon. Members will recognise that in the so-called "war on terror" we lost our way. I am very pleased that the Chilcot inquiry has finally got off the ground and will report soon. It will provide testament to what went wrong during the justification for going to war.

As a nation, we need to be an inspiring example of the values that we hold dear and that we must encourage others to stand up for. Once damaged, our moral authority in the eyes of the world is very difficult to replenish, so I am very pleased that this Government are overhauling how the security services do business, are held accountable and marshal their resources in a way that serves this country's overall objectives. Three themes have emerged today. The first is the importance of the strategic defence and security review in providing that strategic direction, which, sadly, was absent for so long under the previous Government. The second is that new guidance is in place so that the courts can be used more appropriately and the Justice and Security Green Paper aims to strengthen our legal arrangements involving cases that require Security Service comment. The third is, as my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) outlined passionately, the new era of openness and scrutiny that we now expect. I am pleased to see that powers will very much be coming to the Committee to allow it to continue that work. It seems strange that we can now talk about Sir John Sawers, the head of MI6, Iain Lobban, the director of GCHQ, and Jonathan Evans, the head of MI5. In the past, those names would have been limited to a letter or would not have been known by us at all.

In the remaining minutes, I wish to discuss cyber-security, which I mentioned in an intervention. As the report suggests, this is a completely new dimension, which we have yet to master. It is constantly evolving and is introducing a complexity to security matters that we have not been able to appreciate before. It is also fuelling an explosion of new connections between Governments, economies and citizens. The use of cyber-world is overwhelmingly positive, allowing the transfusion of ideas, thoughts, economies and so on, but it is also a double-edged sword—there is a negative aspect to it. Aspects of the Arab spring have been attributed to the way in which Facebook has been used to communicate in a way that had not been allowed in the past. That of course is very positive, but the internet has been harnessed by terrorists, criminals and, in some cases, states to disrupt and attack. The question I pose to the Minister, which my right hon. and learned Friend mentioned in relation to cyber-security, concerns the number of agencies that have taken an interest in cyber-security. I believe that my right hon. and learned Friend talked about there being 18 units in all. That of course is very positive, because it simply means that every agency, organisation and Department recognises the need to understand and become an expert in this realm. Are we at a point at which there is the co-ordination we require, as illustrated on page 56 of the report, which lists the number of organisations with cyber-security interests?

I also mentioned in my intervention the changes in our society. The generation growing up today is living in a very different world from the one in which I grew up. The computer I first came to terms with was the ZX81, which would probably be found in an antiques store or even a museum now. I hear some chuckles from Opposition Members, and they probably recognise that name. Nowadays, everybody has a computer or has a mobile phone or iPad on their person. We are entering the digital world of the future—it is already the world of today. The liberal way in which youngsters today exchange information quite freely means that we need to ask whether, when they graduate to adulthood and become responsible for credit cards and information in small, medium and large businesses, they will have the same level of caution as we apply in using such technology. We are cautious because we are uncertain of it, because of the generation of which we are part.

There is also a concern about whether small and medium-sized businesses will have the intuition to recognise the importance of cyber-security. There is a worry that the financial crisis will mean that the last thing on any small business's mind is the consideration of cyber-security and protecting their digital information. Of course, when we talk about cyber-security we have to remember that it is not just about terrorism but about criminality, too.

The impact on our society of the internet and of the digital age is, I would argue, bigger than the invention of the wheel or more significant than the printing press, such is the effect on the world and our lives. If knowledge is power, the internet means power now has no boundaries. The ability to simplify our lives through online banking and shopping is positive, of course, but the internet can

[Mr Tobias Ellwood]

be terrifying because of the risk of identity theft or, indeed, sabotage, which could lead to disasters such as a head-on rail collision.

If the Cabinet Office leads on cyber-security, we must then ask whether it—or another Department—should lead on educating businesses and the nation. If not, which Department should do that? It needs to be a priority for the reasons I have outlined. We have an opportunity now to harness such work to our economic benefit. We have an aerospace industry that is primed and ready to harness that capability. Can we now be the world leaders in providing protection in cyber-technology? Some of the recognised companies that we are dealing with, such as IBM and so on, are international operations—they are not British—but companies such as BAE Systems Detica and Logica are UK companies and when I spoke to them before the debate it was clear that they were concerned about university training. When we compare the university courses on cyber-technology, we see that only 15% of the content is consistent. That means that people are not sure and the universities are not in agreement about what needs to be taught in the future. There is an opportunity for leverage there.

Finally, it is important to work with our allies, as the right hon. Member for Salford and Eccles stressed. The Foreign Secretary said last week:

"Intelligence...is like a jigsaw...we...rarely have all the pieces".

The analysis of information and working with our partners enables us to piece together each snippet of information to create the fullest possible picture of the threats to our national security and to act against them. We cannot work in isolation on that; we must work with our allies, too. That means training our allies so that they can recognise and work to the same standards as we do, not just in the technology but in the moral standards I spoke about earlier. That allows us to develop links with parts of Governments in other countries and to build capacity and infrastructure support while strengthening our diplomatic and military relationships.

In conclusion, our security services have the skills to assimilate information beyond the reach of everyday diplomacy, filling in the blanks in our understanding of our enemies. So much of their work is unseen and therefore receives little praise. They are our early warning system against those who plot to sabotage us, steal from us or kill us. It is difficult to find a country where the clandestine community performs so well under such scrutiny within the confines of democratic process. By and large, we sleep safe at night, oblivious to the many threats we face as they are dealt with by the service we never see.

9.40 pm

Diana Johnson (Kingston upon Hull North) (Lab): I pay tribute to all those who work in the security and intelligence agencies for the important work they do in keeping us all safe. I also extend that tribute to the very important work that the Intelligence and Security Committee does in scrutinising those agencies. It is clear from this evening's debate that the past and current members of the Committee have been very high calibre and senior parliamentarians. The right hon. and learned Member for North East Fife (Sir Menzies Campbell) said that they were fully independent and had experience and judgment, and that view was echoed by my right hon. Friends the Members for Knowsley (Mr Howarth) and for Salford and Eccles (Hazel Blears).

The report is excellent and we have had a very good debate on its contents. The current Chair of the Committee, the right hon. and learned Member for Kensington (Sir Malcolm Rifkind), set out the key issues in a very accessible but detailed way at the outset. I should like to pay special tribute to my right hon. Friend the Member for Torfaen (Paul Murphy), who made such a contribution to the development of the Committee's work as its Chair. He let us into a secret this evening about the one vote that took place when he was chairing the Committee about which mode of transport the Committee should use on a visit. I am sure that does not offend against the Official Secrets Act.

The report covers the period from October 2010 to May 2011, and we have seen further developments since, including the Green Paper on justice and security. My hon. Friend the Member for Walsall North (Mr Winnick) made it clear that there had been a long fight to get the Committee established in the first place. It operates under the Intelligence Services Act 1994, so it is now 16 years old. The world has moved on considerably in those 16 years, but so has the Committee. The hon. Member for New Forest East (Dr Lewis) said that recognition of the need to make changes to the Committee was about formalising what it does already.

The right hon. and learned Member for Kensington talked about the radical modernisation of the Committee and mentioned public hearings. My right hon. Friend the Member for Salford and Eccles also commented on the need to look at operational issues as part of the Committee's remit. My right hon. Friend the Member for Torfaen drew on his experience to give some wise words about which of the proposed changes he supports. Recommendation JJ in the Committee's report sets out in full the Committee's concerns and the changes it would like to be implemented. The Home Secretary gave a positive response in her remarks to many of the proposed changes, including the recommendation about the Committee becoming a Committee of Parliament. We look forward to debates on all the recommendations and whether they will come to pass in the coming months.

I want to touch on the issue that my right hon. Friend the shadow Home Secretary raised about who should chair the Committee, which provoked quite a lot of debate. The key issue is not about the person chairing the Committee being independent—there is nothing in that—but is more about the perception that the general public might have about an Opposition MP chairing such a Committee. The right hon. and learned Member for North East Fife made some very interesting points about the Prime Minister's role in choosing or having some say in the selection of members in future.

There are a few key issues that many Members have talked about this evening. The first such issue I should like to address is the spending review. It is clear from the settlement for this area that there is an 11.3% cut to the single intelligence account, and a number of concerned Members mentioned the effect of inflation. Because inflation is running at a much higher rate than was previously thought, that figure needs to be monitored. The Chair commented that the Committee recognised the need to be flexible in reacting to any significant changes in the threat when considering the budget allocation that has been made.

The Government's response was that they would reprioritise and make sure the National Security Council's top requirements were given priority, with a reduction in the spend on lower priorities. It is clear that there may be unknown factors lurking around the corner. That should be kept under review. We must make sure that there is sufficient funding to maintain the security of the country. My right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins) made a powerful point about that.

It is interesting that the report identifies areas where savings could be made to meet the 11.3% cut, including more joint working and the possibility of a shared vetting procedure across all agencies. Other issues that should be examined include the use of consultants and internet and language specialists, and whether some of those could be shared across the services. The Chair of the Committee said there were already good examples of joint working.

The right hon. Member for Carshalton and Wallington (Tom Brake) highlighted important issues relating to assets, the £1 million worth of assets that had gone missing, and the need to ensure that that does not happen in the future. It is interesting to note that the Committee is investigating the value for money of projects it has been concerned about.

The Olympics have been mentioned by many hon. Members this evening. It is clear that the public are concerned about security during the Olympics. Over the past week we have seen much press coverage of the topic, including a parliamentary question about the use of surface-to-air missiles. In the press at the weekend there was mention of the deployment of snipers in helicopters. There was a report last week about the possibility of 500 FBI agents being brought over because the Americans were so worried about security, and the use of the Army to help protect the Olympics.

The report recognises how important this issue is. The Home Secretary said that we were on track, but that is against the background of the policing cuts, which we know are front-loaded and can affect the policing capability at the Olympics, and the knock-on effect on other security services. The hon. Member for New Forest East suggested that we put ourselves in the shoes of someone who wants to do harm. It may be that some other area is threatened, rather than the Olympics. This all has to be considered. I hope the Minister will be able to offer further reassurance on the matter.

On terrorism prevention and investigation measures, my right hon. Friends the Members for Salford and Eccles and for Wythenshawe and Sale East made a powerful case for the Minister to consider delaying the introduction of TPIMs until after the Olympics in order to offer a further layer of protection. I hope the Minister will reply to the queries about whether all the officers are trained and resourced, ready for the introduction of TPIMs if that happens in the next few weeks.

Cyber-security was mentioned by many hon. Members. We welcome the fact that it has been recognised as a tier 1 national security risk, and the £600 million of extra resources are welcome. I listened to what the Chair said about the number of bodies, law enforcement agencies and Government Departments that are involved in this area. Although the hon. Member for Bournemouth East (Mr Ellwood) argued that it was an advantage that so many organisations were involved, there are questions about whether the response is as co-ordinated as it could be.

The control principle was talked about at length, and the Committee Chair gave a helpful explanation of why it is so important and the potential way forward, now set out in the Green Paper, for using the closed material procedures and the special advocate route. What my right hon. Friend the Member for Knowsley and the right hon. and learned Member for North East Fife said about turning off the tap of information and whether that has already happened was very telling, and I think that that will be debated further.

Finally, I want to mention BBC Monitoring. I hope that the Government will consider the recommendations set out in recommendation EE of the report, which asks them to look again at funding in the period leading up to the transfer to the licence fee funding for that important area. We heard at length about BBC Monitoring and how important getting that open-source information is. I look forward to the Minister's responses to all those points.

9.50 pm

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): We have had an important and wide-ranging debate that has illustrated how important it is that the public should be confident that the Government's national security work is being robustly scrutinised. Last week the Foreign Secretary said:

> "I believe it is vital that the British public and Parliament have confidence in the Agencies' ability to keep us safe and to do so within the framework of the law; and that they also have confidence in government using this capability wisely, and in accordance with our democratic values and principles of domestic and international law."

That comment sums up well the Committee's challenges and the themes that ran through this evening's debate. I am grateful to hon. Members on both sides of the House for raising a number of pertinent points. We heard 16 speeches, and the debate has been considered and well informed. I fear that in the eight or so minutes available to me I will not be able to do justice to the contributions we have heard.

Before I address those points, let me first thank my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind), the Committee's Chair, for the work he and his Committee have undertaken over the past year. The Committee and its staff continue to adopt a constructive and professional approach, for which the Government are grateful. It is vital that we have a strong framework for overseeing the work of the security and intelligence agencies. As my right hon. Friend the Home Secretary has said, the quality of the ISC's annual report underlines the unique and valuable role it plays in this framework.

Several of the contributions we have heard this evening have focused on the justice and security Green Paper and the proposals it outlines to ensure that justice can be done in the full range of civil proceedings by allowing the courts to take full and fair account of all the relevant information, even when some of it is too sensitive to be disclosed publicly. The overall aim is to allow cases involving national security to be heard fairly, fully and safely in our courts, and I think that that sense of

[James Brokenshire]

safety underpinned a number of the contributions we heard this evening. This will allow sensitive material to be considered in court proceedings without the risk of vital intelligence or essential international intelligence-sharing relationships being compromised.

Sensitive material is essential for UK national security. It is used to prevent terrorist attacks, disrupt serious crime networks and make the case for executive actions such as deportation and asset freezing. Closed material procedures are the central provision in the Green Paper. Extending their availability across all civil judicial proceedings will provide a framework that enables the courts to consider material that is too sensitive to be disclosed in open court but that protects the fundamental elements that make up a fair trial and UK national security. We welcome the Committee's support for the proposals.

The other aspect of the Green Paper that has been the focus of much of today's debate is the proposal to strengthen, clarify and modernise the arrangements for overseeing the work of the security and intelligence agencies and the wider intelligence community. The proposals are designed to ensure that oversight arrangements are as effective and credible as possible and to provide reassurance to Parliament and the public that the agencies operate in a proper and legal manner.

I am grateful to the ISC for the very active and constructive role that it has played in developing proposals for its reform. The Government and the Committee agree on the right approach to the vast majority of those proposals, including formalising the role of the ISC with regard to oversight of the wider intelligence community, making it a statutory Committee of Parliament and allowing it to report to Parliament as well as to the Prime Minister. The ISC would also be given the power to require information from the agencies.

As my right hon. Friend the Home Secretary has said, however, although the Green Paper proposes that we consider the extent to which the ISC might in future oversee the operational activity of the agencies, no decisions have yet been made in that regard. Before making any decisions, we would need to understand the consequences of creating such a broad power, including the impact on the operational effectiveness of the agencies and on the Foreign and Home Secretaries' own responsibilities for them.

A number of points have been made about the agencies' resources and the ability to respond to threats. In addition to the real and serious threat from international terrorism, particularly from al-Qaeda and its affiliates, we continue to face threats from residual terrorist groups linked to Northern Ireland, as well as from cyber-attack and from traditional espionage—a point very effectively made by my hon. Friend the Member for New Forest East (Dr Lewis).

I welcome the ISC's conclusion that the agencies have been given a fair settlement in the most recent spending review, which will allow them to continue their essential work of keeping us all safe, but of course they are not immune from the pressures of the wider economic climate, and delivering more support or back-office functions together will ensure that the agencies can play their part in making savings while prioritising resources to support the front line.

Martin Horwood (Cheltenham) (LD): Will the Minister give way?

James Brokenshire: I am afraid that I will not, because I have three minutes left in which to get through a range of other points. I do apologise to my hon. Friend.

Let me make it clear: there is no question of allowing our national security to be diminished in order to make savings. The agencies have always prioritised their resources to meet the highest threats to our national security, and they will continue to do so. There is no clearer example of that than the Olympics, which throw up a number of security challenges, but agility and flexibility are core and established strengths of the British intelligence community. The agencies continue to enhance their capacity in preparation for the games, and their plans for meeting the additional challenges of London 2012 are mature and remain on track, including in relation to the recruitment of additional personnel.

A number of points have been made about cyber-security, and the Government welcome the ISC's acknowledgement of the real and increasing risk to the UK's national security from cyber-attack. It is one of the highest priority risks that we face, and the Government have allocated—I know that many Members recognise this—an additional £650 million of funding over four years to enhance the response to threats from cyberspace through a transformative national cyber-security programme. Much of that money will fund activity by the agencies, but we have sought to provide clear accountability on cyber-security through the Office of Cyber Security and Information Assurance and the role that my right hon. Friend the Minister for the Cabinet Office and Paymaster General plays in providing such oversight, while recognising the role that other Ministers and Departments have to play in that important agenda.

As well as providing resources, we are committed to providing the agencies with the powers that they need. That is why the Government have introduced the Terrorism Prevention and Investigation Measures Bill, combined with new resources for the police and security services to replace the current control orders regime, which is neither perfect nor entirely effective. TPIMs will provide robust and effective powers for dealing with the risks posed by suspected terrorists whom we can neither prosecute nor deport, and they are part of a wider package of work to ensure that we have the most appropriate and effective powers to address the terrorist threats. Arrangements will be in place to manage the transition from control orders to TPIMs effectively.

In conclusion, I pay tribute to the security and intelligence agencies for the enormous contribution that they make in ensuring that the British public are kept safe and properly protected. We all owe them a debt of gratitude for the fundamental and indispensable role that they play in keeping our nation safe.

Question put and agreed to.

Resolved,

That this House has considered the matter of the 2010-11 Annual Report from the Intelligence and Security Committee (Cm 8114).

Mental Health Care

Motion made, and Question proposed, That this House do now adjourn.—*(Stephen Crabb.)*

10 pm

Mr Charles Walker (Broxbourne) (Con): Thank you for calling me to initiate tonight's Adjournment debate, Mr Speaker. May I alert the Minister who is responding this evening to an excellent report published today by Mind entitled, "Listening to Experience—An Independent Inquiry into Acute and Crisis Mental Healthcare"? That paper comprises more than 350 interviews with people who have experience of acute and crisis mental health care. I say to the Minister—although he probably knows this—that the report makes for very difficult reading. However, there is also room for huge optimism.

I am delighted to be joined tonight by the hon. Member for Ashfield (Gloria De Piero) and my hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones), who will be making brief contributions. I have also given permission for a few of my chosen and near colleagues to make brief interventions because I know how much the issue matters to them.

We need a new approach to the provision of mental health care in this country. Provision should be based on compassion, understanding and respect. That is what comes out of the Mind report and the 350 voices it contains. It should not be a punishment to be mentally ill, but too often it is. People who suffer from mental illness feel hugely excluded from mainstream society, and we need to approach them in a compassionate way. We need to reach out to them and draw them near, not push them away.

James Morris (Halesowen and Rowley Regis) (Con): My hon. Friend is making a powerful case. The report is shocking in many ways. Does he agree that, if we are to develop a compassionate model of mental health care, we should focus on providing talking therapies more extensively to those people who come into the acute and crisis environment, so that they can be seriously helped with the conditions they present?

Mr Walker: My hon. Friend makes a fantastic point and is a fantastic attendee of the all-party group on mental health. He has a great interest in this area and I will come on to answer his point directly in a few moments.

Over the past 30 years, we have made fabulous progress in moving away from the use of asylums, although we have had problems in doing that. We have talked about care in the community but, too often, the community has not been there to provide that care. We must continue to address that. In closing the asylums, we must remember that there is still a need for accommodation when people are in severe crisis. I do not like to talk about beds or hospital wards, but we do need accommodation. Sometimes, people are so ill that they need to be hospitalised and looked after, but in a caring environment.

I am concerned that, with the closure of small acute wards, we are moving towards having much larger hospital environments. Some of those are, without doubt, excellent. However, as the report identifies, some of them have too many of the characteristics of past asylums. As I said, being ill should not be a punishment. It concerns me greatly to read of people going to institutions where they fear for themselves and are frightened daily. How can someone start to recover from a mental health crisis when they are terrified every day in their environment? Many of the report's respondents said that institutions were so terrifying that staff seemed to spend most of their time trying to stop nasty things from happening. We must get away from that. We have made progress, but we are not doing so at a fast enough pace.

Let me move away from discussing hospitals. Sometimes people need to leave their home. Therefore, we need settings that can take people out of their home, but that are not traditional mental health hospitals. In the report, I came across two fantastic initiatives. I knew about one because it is being pioneered in Hertfordshire, but another one I did not know about: crisis housing. That means that, when someone is at home and having a crisis, they do not have to go to hospital. They recognise that they are having a crisis, as do the people who work with them, and they can be sent to a home where they can go for just a few hours—four, five or six—to talk through their concerns with people who can understand what they are going through because, often, they have experienced mental illness problems themselves, so they are talking to their peers. Alternatively, they can spend up to three or four days there to get through the period of acute crisis, so that their equilibrium is coming back and they may be able to go back home and face the world again. Crisis housing sounds like a fantastic innovation, because we have to get away from the idea that when someone is terribly ill the only place for them to be is in a traditional mental health hospital. They may need a bed, but it does not have to be in a hospital.

The other thing that has caught my attention, and is being pioneered in Hertfordshire, is the idea of host families. This is a fantastic initiative that people have been developing in France and that Hertfordshire is leading the way on in this country. If someone is not really up to being at home with their family or looking after themselves, they need some extra support. There are families out there who will take them into their home and allow them to become part of their everyday life. Those people may well, and probably do, have experience of dealing with mental health illness themselves. They may be in recovery, they may have recovered, or they may have a child, a brother or sister who has been in these very dark places, so they understand and know what their house guest is going through. This is a fabulous way of providing support. It can last from three weeks to 12 weeks, and it is there to make these people feel part of a working, functioning family community. They have responsibilities and chores, but they are given the support and love that they need to make progress.

However, those solutions may not be right for everyone, and many people will, on occasion, need to be hospitalised. The report identifies that many tens of thousands of people each year go into a hospital setting. I hope that we can reduce that overall number. Nevertheless, we need accommodation to look after them. As I said, too much of the small traditional accommodation has been shut down. That has been positioned as an unalloyed good thing: "Hooray, we've got rid of mental health beds; hooray, we don't need them any more; hooray, the community can pick up all these people." In fact, the community is not always in a position to pick them up. Crisis helplines that are meant to be running for 24 hours a day often run for only part of the day, and that is

[Mr Charles Walker]

simply not good enough. A mental health crisis does not happen between 9 am and 5 pm; it is just as likely to happen between 9 pm and 5 am. We have to accept that the community is not always there for those people. Now that we have closed these beds, which were often in very small wards very close to people's families, too often people who are committed into an acute environment can be sent up to 200 miles away from their home and from the people who care for them and can nurture them and provide them with support. To me, that is not progress.

We are now moving towards having larger mental health units. As I have said, some of those are very good but, as the report identifies, many are not. The threshold for being admitted to acute care is now so very high, because there are so few beds to accommodate people, that only the most ill people get into hospital. I have to say that, too often, their experience is pretty frightening and pretty unpleasant. I am not calling for less accommodation, but I am calling for us to do things differently, so that when we, as a society and as communities, are put in charge of people with a severe mental health problem, we go out and embrace them. We do not put them in a frightening environment where the doors are locked, where they are restrained, often face down, where they are terrified, and where they feel under pressure and in danger of being assaulted; we create environments where they can go and get well. With the mentally ill, we are not mending bones. I do not want to stick people in bed for 20 hours a day and put their leg in a brace. We are not doing that; we are not in that business. What we are in the business of doing is putting people in an environment where they can get well; where, as my hon. Friend the Member for Halesowen and Rowley Regis (James Morris) said, they can talk through their problems; where they can come to terms with their problems; where they can speak to people who have been where they have been, then recovered and gone on. That is the kind of environment that we need to create in the acute setting.

That calls for a radical approach. Perhaps we have to stop talking about hospitals and beds, and instead start talking about accommodation and wellness centres, where people can go to get well and where they feel relaxed, comfortable and safe so that they can focus on themselves and their own mental health. When people have a mental health crisis, all too often they are simply terrified and feel that the world is against them. If somebody who is feeling like that is put in one of these institutions, I am sure that it does their mental health no good at all.

Nigel Adams (Selby and Ainsty) (Con): What is my hon. Friend's experience of youngsters who have to go to such hospitals and who find themselves in mixed-age wards?

Mr Walker: That is a very important area. Great strides are being made to end mixed-sex and mixed-age wards. How terrifying it must be for a young person to be in such an environment for the first time with people of all ages, with all types of experiences, illnesses and conditions. That is not acceptable, particularly if that young person is 200 miles or more from their family. That is not a way to treat people.

As I have said, being mentally ill is not a crime. We need to reach out and embrace these people, and we need to hold them close. We need to create environments where they can get better and focus on themselves. Talking therapies have a huge part to play in that. This is a fabulous report because it focuses on the areas of weakness in the current system. That provides the Government and Back Benchers with an opportunity to work together to get it right. I will now sit down and allow the hon. Member for Ashfield to join in.

10.12 pm

Gloria De Piero (Ashfield) (Lab): I thank the hon. Member for Broxbourne (Mr Walker) for allowing me to contribute to this debate. I also congratulate Mind on the work that it has done. Its report today reveals some harsh realities about how we deal with mental health in this country.

I have learned a lot about mental health care, or the lack of it, in the short time that I have been the MP for Ashfield. I have also learned about mental health through my own experiences because a family member has struggled with his battles. I will talk a little about that later.

It was not long after I became the MP for Ashfield that the Rokerfield day care centre was threatened with closure. I spoke to its users. One man told me that the day care centre was his family, that the other users were his siblings and that the staff were his parents. A woman told me that she would not be here if Rokerfield had not been there for her. I hope to goodness that she is still with us. Sadly, Rokerfield and many day care centres like it are no more.

Something else that I have learned about recently through this job is the serious shortage of beds in psychiatric wards and the struggle to get emergency treatment. I sat open-mouthed in a meeting the other week as I was told that a shortage of beds meant that patients who were seriously ill and needed to be admitted immediately sometimes had to be taken miles away. The process was explained to me. If there is no bed locally, they start making calls. With each call, the bed gets further away. Before they know it, they are talking about a bed 100 miles away. When I heard that, I felt sick.

I will briefly explain why that made me feel sick. A close relative of mine had many spells in a psychiatric ward. I made many visits to the ward. Each time was a trauma for my relative and for the family. I never once considered that he could have been taken miles away. The two bus rides and the long walk up the hill, sometimes in the winter months, were distressing enough for me. People do it for peace of mind and to show that their relative is loved. I have heard harrowing tales from Mind about patients who have been transferred from their local area by ambulance or police car because there were not enough local beds.

I will end by echoing the call by the inquiry for

"a culture of service and hospitality".

I thank Mind for its work. The Minister has responded to the report by saying that he will work with Mind to improve services. We will keep him to his word.

10.14 pm

Andrew Jones (Harrogate and Knaresborough) (Con): I thank my hon. Friend the Member for Broxbourne (Mr Walker) for so generously allowing me time in the

Adjournment debate that he has secured. He and I have spoken about mental health provision several times before, although not, I believe, in the Chamber. We have spoken particularly about our concern that mental health provision is a Cinderella service in the NHS.

I wish to highlight an issue of access in my constituency, which is the closure of the Hawthorn day unit in Harrogate. When that happened, I had a meeting with the users of the unit and their carers. It was emotional and powerful meeting—one of the most powerful that I have attended since starting as an MP. The users, who had no obligation to attend, spoke openly and powerfully of their experiences and the struggles they were facing, and they were brave to do so.

The unit that closed provided a safe haven for those who really needed somewhere secure, because those facing mental health issues still face some stigma and discrimination in this country. It also helped by providing users with support to ensure that they took their medication, and it offered them the compassion and respect that my hon. Friend talked about. I have been in regular contact with the users since the unit closed, and I am very pleased that this week, we have secured a meeting between the users and the chief executive of the NHS foundation trust, which will take place in my office in about three weeks. I am hopeful that we will see the unit reopened.

I close by congratulating my hon. Friend on all he does in highlighting mental health issues around the country, and on speaking so passionately and with such determination and eloquence this evening. I also say to the Minister that I read the publication "No health without mental health", which was published in February, and was very encouraged by it. I thought it represented great progress.

10.16 pm

The Minister of State, Department of Health (Paul Burstow): I start by congratulating my hon. Friend the Member for Broxbourne (Mr Walker) on securing the debate and on pursuing this issue through the all-party group on mental health and other channels for a considerable time. His good fortune in securing the debate tonight is particularly timely given the publication of Mind's report this morning. I congratulate him doubly on that successful coalition of events that have led to the debate.

I, too, have had the opportunity to study the report, "Listening to Experience", published by Mind, and I certainly share many of the sentiments that have been expressed in this brief debate. The report undoubtedly shines a spotlight on what is good about our acute and crisis mental health services, what is unacceptable, what is bad and what we can do to make them much better. It brings together the results of an independent inquiry, as we have heard, and it is fundamentally about ensuring that we listen to voices that are all too often overlooked and ignored.

I welcome the report. It is challenging, and some of the unacceptable practice that it describes is frankly harrowing. Many of its important conclusions reflect the aims and ambitions of our cross-Government mental health strategy, "No health without mental health". More than that, it reinforces why it is right that our broader health and social care reform agenda focuses on patients being treated in a way that respects their dignity, protects their human rights and promotes flexible and creative commissioning solutions that are tailored to meet individual and local needs. The key is ensuring that services are genuinely personalised.

The provision of safe, modern, effective mental health services that offer patients real choice is, and remains, a Government priority. We expect the treatment and care of patients to be provided in the most appropriate therapeutic environment for them. My hon. Friend rightly referred to the concern expressed in the report that acute beds are not always available when needed. The hon. Member for Ashfield (Gloria De Piero) spoke about her own experience and her concerns about the journeys that some people have to make to find facilities, which is clearly unacceptable.

I want to make it absolutely clear that commissioners and providers have a responsibility to ensure that acute beds are available for those who need them. They should also ensure that the needs and wishes of patients, families and carers are not only sought but taken into account when decisions are made about community or hospital-based treatment. Distance and journey times are very serious issues that need to be properly taken into account in those commissioning decisions.

The quality, innovation, productivity and prevention programme, which is sometimes known as the Nicholson challenge, has targeted both reductions in bed days and—I stress—out-of-area admissions. Through a more effective acute care pathway, we can expect to achieve better patient experience of care, which means care that better reflects patient preferences, including being cared for at home if possible. That contributes to a more productive use of NHS resources to ensure that we drive up quality.

Specialised mental health community teams—crisis resolution home treatment, assertive outreach and early intervention in psychosis—provide care to service users and families in community settings. The crisis resolution home team performs a key role in supporting people at home, which often averts the need for an in-patient stay, acts as a gatekeeper for all those requiring access to in-patient services or other emergency care and supports early discharge, when appropriate.

The team is part of an integrated acute care system. It is affected by, and has an effect on, that system and beyond, especially the in-patient service and day hospital and community mental health teams. For example, patients with early onset psychosis benefit from early intervention services, and assertive outreach engages with severe and persistent mental disorder such as schizophrenia. That shared approach in system delivery is already beginning to show results, because 10,300 new patients with early diagnosis of psychosis were engaged with early intervention in psychosis services this year, which is the highest ever recorded figure. Overall investment in key mental health teams has also increased. In the last year, crisis resolution home treatment teams carried out 131,450 home treatment episodes for 106,790 patients who would otherwise have been admitted to hospital, an increase of 3.2% over the previous year.

I do not want my remarks in response to the important debate that my hon. Friend the Member for Broxbourne has secured to suggest that the Government are complacent. Mental health is a priority for us. The strategy that I mentioned earlier, and not least the spending review

[Paul Burstow]

decisions that we made last year, make clear our commitment, especially as regards improving access to talking therapists for people with severe mental illness. However, there is always room to improve, and there is a need to listen to, understand and act on the experience of patients.

Mind's report helpfully highlights four key areas: humanity, commissioning for people's needs, choice and control, and reducing the medical emphasis in acute care, which is very much like the well-being concept that my hon. Friend has discussed. In mental health services, it is vital to balance patient autonomy with patient safety, which is often a source of debate in the Chamber. We need to ensure that that is done in an appropriate way, but it can be a challenging balance to strike. However, the solution to the problem does not lie with heavy-handed or coercive approaches. A wealth of research, guidance and good practice, much of which is cited in Mind's report, offers practical strategies that can contribute much to ensuring that patient care is conducted in the humane, caring and respectful fashion described by my hon. Friend, envisaged in Mind's report and espoused in the Government's vision for mental health services.

The Mental Health Act 2007 code of practice is clear on the need to seek all alternative measures before adopting control and restraint or seclusion procedures. Restraint should be the last resort, never the practice of first choice. The code also emphasises the importance of providing support to patients after using control and restraint, seclusion or long-term segregation, and of reviewing such incidents to enable staff to learn from them.

The Mind report rightly draws attention to the importance of ensuring services meet the needs of black and minority ethnic communities. The Government's mental health strategy acknowledges the lower well-being and higher rates of mental health problems that some BME groups suffer. The strategy is explicit on ensuring that health promotion and ill-health prevention approaches are targeted at high-risk groups, which means that programmes must be delivered in such a way that they are accessible to families from BME groups. Such approaches will lead to a narrowing of the health inequality gap.

There is no doubt that good data play a critical part in driving improvement—the report highlights that—which is why the mental health minimum dataset already has a good level of information on the ethnicity of patients, and why the annual mental health bulletin includes rates of access to services by ethnic groups and describes the ethnic profile of people spending time in hospital and being detained.

We will build on those measures. The mental health minimum dataset will go further, because for the first time it will be possible to analyse the full patient pathway, showing what happens to different groups of people before and after hospitalisation. This dataset has been identified as the single source for national statistics about the use of the Mental Health Act in the future, and the NHS information centre will launch a consultation next spring to determine exactly what information will be useful—I hope that hon. Members and others following the debate will take the opportunity to feed into that. The ability to compare and demonstrate differences between localities is an important way of driving improvement in services.

Dr Julian Lewis (New Forest East) (Con) *rose—*

Paul Burstow: I can see my hon. Friend waving at me. I give way to him.

Dr Lewis: I am most grateful to the Minister. I want to put it on the record that since our last exchange on this subject on 10 November more data have come from the Hampshire trust, which intends to close more than one third of its acute in-patient beds, confirming that although only a minority of patients admitted to acute beds were detained patients, they stayed for longer, and that at any one time about half the beds, if not more, were occupied by detained patients. Does the Minister agree that if excessive numbers of beds are closed, the opportunity for a non-detained patient to find a bed will be disproportionately reduced?

Paul Burstow: I certainly agree that we need to look carefully at the data. My hon. Friend was right in his Adjournment debate on 10 November to highlight these issues and potential discrepancies, and I shall certainly take a close look at the data to which he has referred.

I am anxious to ensure that Mind and other key stakeholders play a part in identifying how the information that I have referred to can best be analysed and presented. As I have said, those data will be particularly useful in supporting commissioners in developing the kind of flexible and creative commissioning solutions that Mind and my hon. Friend the Member for Broxbourne have described so well.

The drive to improve the quality of services and reduce inequalities lies at the heart of our commissioning reforms. For the first time, the Secretary of State for Health, the NHS Commissioning Board and clinical commissioning groups will be under a legal duty to have regard to health inequalities in both access to and outcomes from health care. This legal duty will hardwire reducing health inequalities into the system. It not only obliges the Secretary of State to act, but obliges them to demonstrate that they did so and with what result. That is a powerful incentive for change.

Mind rightly emphasised the importance of choice, which I strongly endorse. That is already being demonstrated through several initiatives, including the improving access to psychological therapies programme for children and adolescents and for adults, the extension of the personal health budgets programme for people with mental health problems to increase choice and control and the development of adult and children mental health tariffs. We believe that choice of consultant or other professional-led teams should extend to mental health to achieve the parity of esteem expected by the mental health strategy, and we will work with key stakeholders to develop the proposals and look at ways of implementing our plans.

We recognise the benefits that mental health patients can receive from support and mentoring from peers, which was touched on in this debate, as well as the contribution from things such as crisis housing. To that end, I am working with colleagues on the ministerial working group on mental health to make these more widespread.

In conclusion, I thank my hon. Friend and others who have intervened and spoken briefly in this debate. I shall write to my hon. Friend the Member for Harrogate and Knaresborough (Andrew Jones) to pick up on his particular point. I very much welcome Mind's report for its clarity and for the useful contribution that it makes to our shared aim of improving acute and crisis services, and I shall meet it to discuss its report and how we can take its recommendations forward in delivering the Government's mental health strategy. The Government remain committed to achieving their overarching goal of better mental health outcomes for everyone. Our strategy sets out what everyone needs to do to realise that goal, and by working together we can make a long-lasting difference to the quality of life of people with mental health needs.

Question put and agreed to.

10.29 pm

House adjourned.

House of Commons

Tuesday 22 November 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

LONDON LOCAL AUTHORITIES BILL [*LORDS*] *(BY ORDER)*

Consideration of Bill, as amended, opposed and deferred until Tuesday 29 November (Standing Order No. 20).

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON (NO. 2) BILL [*LORDS*] *(BY ORDER)*

TRANSPORT FOR LONDON (SUPPLEMENTAL TOLL PROVISIONS) BILL [*LORDS*] *(BY ORDER)*

Second Readings opposed and deferred until Tuesday 29 November (Standing Order No. 20).

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

NHS Staffing

1. **Graeme Morrice** (Livingston) (Lab): What recent assessment he has made of front-line staffing levels in the NHS. [81795]

The Minister of State, Department of Health (Mr Simon Burns): We fully recognise how important front-line staff are to the provision of high-quality care. Local organisations are best placed to plan the work force who are required to deliver safe and high-quality services to patients.

Graeme Morrice: The Prime Minister promised to cut the deficit and not the national health service. Can the Minister tell us what has changed?

Mr Burns: Nothing has changed. As the hon. Gentleman will know, the NHS budget is a protected budget, and during the lifetime of the present Parliament it will receive real-terms increases. What the hon. Gentleman may not know is that the number of full-time equivalent clinical staff working in the NHS today is higher than it was in May 2010 and September 2009.

Mr James Gray (North Wiltshire) (Con): Over the weekend, the Minister will have seen a number of reports in the press that tens of thousands of NHS jobs were to go. Is he aware of any evidence that that is the case, or is it pure trade union scaremongering?

Mr Burns: A deeply flawed survey is right in one respect: under the current Government, 14,000 administrative and managerial posts have gone from the health service, releasing money for front-line services.

Mr Jamie Reed (Copeland) (Lab): The reality is, of course, that the report from the Royal College of Nursing revealed that thousands of front-line nursing posts are being cut, and that last night a leaked report on commissioning revealed further bad news for front-line staff: that the Government plan to privatise large swathes of the NHS, making GPs "bit-part players". Does it remain Government policy to promote, in the words of the report,

"a strong and vibrant market"

in the NHS, and, in the words of the Prime Minister, to

"drive the NHS to be a fantastic business"?

Mr Burns: The report that was published at the weekend is deeply flawed. It is outrageous for an organisation to seek to scare people for the sake of cheap publicity. That report is as flawed as the report that was published a year ago. Far from there being the 50,000 cuts to which it referred, since May 2010 the number of doctors has risen by 3,500, the number of consultants by 1,600, the number of registrars by 2,100 and the number of qualified radiography staff by 549. Moreover, the number of managers and administration officers has fallen by 14,000 to release money for improved health care.

Mr Philip Hollobone (Kettering) (Con): Front-line staffing levels come under particular pressure in the winter months because of the incidence of winter flu. Does my right hon. Friend welcome the news that at Kettering general hospital, almost 60% of front-line staff have now been inoculated against flu? That compares very well with last year's national average of 35%.

Mr Burns: I join my hon. Friend in congratulating staff at Kettering general hospital on their responsible attitude, and urge other NHS staff throughout the country to follow their example. I am heartened to note that, as a result of the planning and activity that has taken place in the NHS, more staff are having flu jabs than did so last year.

Marmot Review

2. **Nick Smith** (Blaenau Gwent) (Lab): What plans he has to implement the recommendations of the strategic review of health inequalities by Professor Marmot. [81796]

The Parliamentary Under-Secretary of State for Health (Anne Milton): The public health White Paper "Healthy lives, healthy people" gave details of our response to the Marmot review, and addressed the social determinants of health in people's lives. I am sure that the hon. Gentleman has read it. Yesterday we launched the University college London institute of health equity with Professor Sir Michael Marmot as its director, supported by the Department. The institute will help to promote the findings of the review across the NHS, public health and local government, and will ensure that health inequalities remain a priority.

Nick Smith: Parts of my constituency are more than 1,200 feet above sea level. We know about the impact of cold homes and fuel poverty on health. According to the latest figures, cold has caused 25,000 excess deaths in England and Wales. What discussions has the Minister had with the Chancellor about the need to invest in making our homes warmer to reduce the number of such deaths?

Anne Milton: I thank the hon. Gentleman for that question. He will be aware of the 27,500 excess winter deaths that occur across the country, which is an increase of 17% on the deaths that occur at other times of the year. We have invested £30 million in total—£10 million to the Department of Energy and Climate Change and £20 million that local authorities can bid for—which will help to reduce those figures. It is encouraging that despite a very harsh winter last year the number of excess winter deaths has not risen.

Dan Rogerson (North Cornwall) (LD): There is an access issue when considering the rural dimension of health inequalities. The dispensing doctors play a huge role in meeting need in rural areas, yet there are concerns about changes in regulation that have affected them. Will the Minister or one of her colleagues agree to meet me and representatives of that group to discuss their concerns?

Anne Milton: My right hon. Friend the Secretary of State for Health has already agreed to meet some people. The hon. Gentleman is right to say that health inequalities are not just something faced by the urban poor and deprived; they are also an issue in rural areas. We must make sure that people have adequate access.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): The Minister will be aware of the emphasis that Professor Michael Marmot places in his review of health inequalities—which I have read, so I can quote it—on

"giving every child the best start in life",

on creating

"fair employment and good work for all"

and on reducing "inequalities in income". Yet, under this Government, 90% of local councils will be forced to make cuts to Sure Start, unemployment continues to spiral—it is at a 17-year high—and, far from reducing income inequality, the House of Commons Library has calculated that an area such as mine in Hackney, which is one of the poorest in the country, will lose at least £9.6 million in cuts to housing benefit alone and a further £2.84 million through cuts to child tax credit. However desirable some of the organisational changes in public health are in principle, how can the Government possibly make progress on tackling health inequality in that context?

Anne Milton: How can the hon. Lady give Government Members lectures on health inequalities, given that those got worse under the previous Government? Life expectancy in Kensington and Chelsea is 85 whereas it is 74 in Blackpool, and that is after 13 years of a Labour Government. Family nurse partnerships have doubled and we are well on track to get the additional 4,200 health visitors. Through the public health Cabinet Sub-Committee we are determined to raise the standard of living for all, by providing new strategies on child poverty, social mobility, tax, pension retirement ages and so on. We are doing something, whereas the previous Government did nothing.

Children's Cardiac Services

3. **Nic Dakin** (Scunthorpe) (Lab): What plans he has for the future of children's cardiac services in England; and if he will make a statement. [81797]

The Minister of State, Department of Health (Mr Simon Burns): The review of children's congenital heart services is a clinically led, NHS review, independent of government. The Joint Committee of Primary Care Trusts—JCPCT—on behalf of local NHS commissioners, will decide the future pattern of children's heart surgery services in England. It is expected to make that decision next year.

Nic Dakin: I thank the Minister for his reply. In view of the Royal Brompton's judicial review verdict, does he agree that it is imperative that the breakdown of the assessments of all centres and all areas is fully disclosed, so that confidence in the Safe and Sustainable review can be restored?

Mr Burns: As the hon. Gentleman will appreciate, it is imperative that Ministers continue to remain totally independent of this review, so that we cannot be accused of interfering. As he knows, the JCPCT has said that it plans to appeal against the decision, and we will have to await the outcome of that.

Dr Julian Lewis (New Forest East) (Con): I fully appreciate the degree of independence that Ministers must preserve, but is there anything that this Minister can say on the methodology of the review to reassure the children's heart unit at Southampton general hospital, which is rated the best in the country outside London, given that the review was, at one stage, excluding the entire population of the Isle of Wight in its calculations as to whether or not the unit should be in more than one of the four options being put forward?

Mr Burns: I am grateful to my hon. Friend for his question, although I will disappoint him by saying that I will not be led from my chosen path and start to voice an opinion. I will say, as I did say during the earlier debate that he attended, that of course it is not set in stone that there will be only four options chosen, as and when—the number could be more. That is dependent on the consultations and the decision of the JCPCT, but he will appreciate that I cannot seek to influence those decisions.

NHS Hospital Debt

4. **Sarah Newton** (Truro and Falmouth) (Con): What steps he is taking to reduce the burden of debt for NHS hospitals. [81798]

The Secretary of State for Health (Mr Andrew Lansley): Although the overall financial position remains healthy, we will continue to focus on the small number of organisations in the NHS that are struggling to manage their finances. We are working to help all NHS trusts to be sustainable providers of high-quality health care and

move forward to foundation trust status. That will include, where appropriate, agreeing solutions to resolve the regrettable legacy of debt from the previous Government.

Sarah Newton: Despite the fact that the staff of the Royal Cornwall Hospitals NHS Trust have made big strides forward in improving patient care while delivering efficiency savings, the trust is saddled with historic debt, largely as a result of Labour accountancy measures. Does my right hon. Friend agree that that is grossly unfair and will he meet me to find ways of writing off the remaining Labour debt so that my constituents can stop worrying about the future of the only acute hospital in Cornwall?

Mr Lansley: I am grateful to my hon. Friend and completely concur. I have had the privilege of visiting Treliske hospital and seeing the good work that is being done there. In the course of the last financial year, the trust returned a surplus and it is projecting a surplus this year. As she knows, it has a legacy of debt that is being financed by a working capital loan. As with other NHS trusts, we are looking to ensure that through the process of becoming a foundation trust it will move from having legacy debts from the previous Government's regime to being financially sustainable year-on-year while meeting the viability and balance sheet criteria for foundation trust status.

Mr Dave Watts (St Helens North) (Lab): When will the Secretary of State get a grip and sort out the problems of PFI long-term funding—*[Laughter]*—given the fact that Ministers promised to do that six months ago and that we are no nearer a resolution than we were before?

Mr Lansley: I do not know whether *Hansard* will record it, but the mirth with which that remark was met is an indication from Members that they know perfectly well, as the hon. Gentleman ought to know, that the previous Labour Government left a terrible legacy of unaffordable PFI projects that were poor value for money when they were introduced. He knows perfectly well the position his local trust has been put in. We are working through that, and out of the work that has been done to resolve that poor legacy, we identified 22 NHS trusts which said that their PFI was an impediment. We are working with all of them to resolve that.

Public Health Funding

5. **Emma Reynolds** (Wolverhampton North East) (Lab): What plans he has to allocate resources to local authorities when they assume responsibility for public health. [81799]

9. **Fabian Hamilton** (Leeds North East) (Lab): What plans he has to allocate resources to local authorities when they assume responsibility for public health. [81803]

10. **Grahame M. Morris** (Easington) (Lab): What steps he plans to take to ensure that the allocation of public health funding reduces health inequalities. [81804]

The Parliamentary Under-Secretary of State for Health (Anne Milton): For the first time, public health money will be ring-fenced and from April 2013 local authorities will receive that ring-fenced public health grant, targeted at areas with high population need and weighted for inequalities. In the preceding year—that is 2012-13—the shadow allocation will be published to allow local authorities to plan for the following year.

Emma Reynolds: As the Minister knows, public health problems are much more acute in areas of high deprivation. Wolverhampton primary care trust has been incredibly successful in reducing teenage pregnancies and increasing childhood nutrition. Will she reassure me in detail on exactly what weighting will be given to deprivation so that that good work in Wolverhampton can continue?

Anne Milton: We have commissioned advice from the independent Advisory Committee on Resource Allocation and recently completed a survey of current NHS spend on public health. As the hon. Lady says, allocation needs to be weighted for inequalities and we are particularly keen that the committee develops a formula that captures within-area deprivation, which has been an issue in the past. Otherwise, affluent areas with pockets of deprivation tend to be ignored. If we want to improve the health of the poorest fastest, we must consider the heath need and deprivation.

Fabian Hamilton: Will the Minister reassure my constituents that when the money is transferred to local authorities, the staff will also be transferred from the NHS to those local authorities? Will there be sufficient resource within them to keep employing some of the excellent staff who currently work in the NHS?

Anne Milton: The hon. Gentleman is right to draw attention to the excellent work that has been done despite the fact that public health budgets have not previously been ring-fenced. Indeed, what we have seen previously is PCTs raiding public health budgets for service provision, which is one reason why inequalities in health have got worse. It is extremely important that we transfer expertise, and employment law will ensure that all the transition is managed smoothly.

Grahame M. Morris: We are having problems getting reports published by the Department of Health. Will the Minister tell us about the public health outcomes framework by which we will measure progress in tackling and reducing health inequalities? What does the fact that the framework still has not been published say about the Government's commitment to reducing health inequalities?

Anne Milton: I am sure that the hon. Gentleman would not want us to rush this. It is extremely important that for the first time we will have a public health outcomes framework. There was no such framework under the previous Government, so it is important that we get it right. It will be an important signal to local authorities about what we expect them to achieve—with, as I have said, a focus on improving the health of the poorest fastest.

Mr Stephen Dorrell (Charnwood) (Con): As we transfer public health responsibilities to local Government—something that has been very broadly welcomed—is it not important that in addition to a clear definition of

the funds that are going to be transferred, subject to a ring fence, we also have a clear definition of the responsibilities that local authorities will be expected to discharge in the new world? When can we expect that definition to be put into the public arena?

Anne Milton: My right hon. Friend is absolutely right. Conditions will be attached to the ring-fenced money to determine how it can be spent, but any expenditure will need to refer to promoting or protecting public health. I hesitate to use the word "shortly", which the previous Government used on many occasions, but it will be published along with the outcomes framework. It is important that we get it right.

Charlie Elphicke (Dover) (Con): Will the Minister join me in congratulating Kent county council and Dover district council on their enthusiasm for taking over public health responsibilities and on the fact that they are looking at how to expand the resources that are available by considering the co-commissioning of social services with local GPs? Finally, may I inject a note of caution about the new community health trusts?

Anne Milton: I am happy to join my hon. Friend in congratulating Kent county council. As he rightly points out, these moves have been welcomed by many local authorities, many of which already do much to improve the health and well-being of their populations. It is extremely important that councils are eager to start, as I know they are, and eager to get that money and see the public health outcomes framework so that they can build on some of the good work they have already done.

Robert Halfon (Harlow) (Con): Harlow has one of the highest levels of obesity in the east of England. Will my hon. Friend ensure that the resources that are directed to local authorities are properly used to solve such problems?

Anne Milton: Yes, this is not only about resources, as my hon. Friend rightly says. Some 60% of adults are overweight or obese, and those figures are even higher in some areas. It is extremely important not only that any money is followed by that public health outcomes framework, but that it is effective. This is not something we can simply chuck money at, as the previous Government did.

Care Standards

6. **Nick de Bois** (Enfield North) (Con): What steps he is taking to raise the standards of care provided by health care workers and care assistants. [81800]

The Secretary of State for Health (Mr Andrew Lansley): I have commissioned Skills for Health and Skills for Care in partnership with employers, unions, regulators, educators and others to develop a code of conduct and minimum training standards for health care support workers and adult social care workers in England. This will give employers and patients confidence in the employment and standards of staffing at all levels. I expect the final report and recommendations by September 2012.

Nick de Bois: The Secretary of State knows that I believe in less, not more, regulation, but given the increasing role and responsibilities of health care assistants, particularly with the elderly, does he agree that the time has come both to recognise their increased responsibilities and to provide safeguards at a national level by requiring them to be on a national register?

Mr Lansley: My hon. Friend will know that health care and social care support workers do responsible jobs and that the responsibility for them lies principally with their employers and the staff who supervise them. We made provision in the White Paper we published last December for a process of assured voluntary registration. What I announced and referred to a moment ago will give a code of conduct and standards that will form a basis for an assured voluntary registration scheme in future.

Andrew Gwynne (Denton and Reddish) (Lab): One key care standard is the time that people have to wait for their treatment. Labour got waiting times down to an historic low, and we warned the Secretary of State what would happen if he relaxed the 18-week standard. Figures show that the number of patients waiting longer than 18 weeks is up by 43% and, despite the U-turn that the Government have made on the use of targets, is not the problem that they have been so fixated on their top-down reorganisation that they lost control of waiting lists? Surely it is time for them to drop the Health and Social Care Bill and focus on the things that really matter to the people using and working in the NHS.

Mr Lansley: I am sorry, but that was all completely synthetic anger on the hon. Gentleman's part. The average time that patients have been waiting in the NHS for treatment continues to be between eight and nine weeks. It has been so ever since the last election. The operational standard under the previous Government and now for the 18-week waiting time is that at least 90% of patients who are admitted for treatment should be admitted and treated within 18 weeks, and 95% of outpatients. Both of those operational standards continue to be met. Last week I made it clear that whereas the previous Government abandoned people who went beyond 18 weeks—and there were 250,000 of them who went beyond 18 weeks—we will not abandon those forgotten patients. We will make sure that they, too, are brought into treatment as soon as possible.

Mr Speaker: I call Sajid Javid. Not here.

Dental Services

8. **Natascha Engel** (North East Derbyshire) (Lab): What arrangements he has put in place to involve dental practitioners in the commissioning of dental services. [81802]

The Minister of State, Department of Health (Paul Burstow): Responsibility for the commissioning of all dental services across primary, salaried and secondary care will sit with the NHS Commissioning Board. The vision for commissioning dental services sees dental local professional networks developing and delivering local service plans and quality improvement strategies across all dental services and providing clinical leadership and expertise at local level. This will enable dentists, working with commissioners and other local stakeholders, to ensure that all dental services are integrated and work together in the most efficient way.

Natascha Engel: I thank the Minister for that answer, but I still do not see why GPs are good enough to commission services locally, but dentists are not. Can he explain exactly how dentists are to be involved, in the same way as GPs are, in commissioning services locally?

Paul Burstow: I refer the hon. Lady to the answer that I just gave. The vision for commissioning dental services sees dental local professional networks developing and delivering local services and local quality improvement strategies. Beyond that, it involves local health and wellbeing boards working together closely, involving local clinicians through the networks that I referred to earlier. The answer is that local dental clinicians will be fully involved in the ways that I have just described.

Private Finance Initiative Payments

11. **Mr Marcus Jones** (Nuneaton) (Con): What steps his Department plans to take to assist hospitals with the cost of PFI payments. [81805]

12. **Mr David Evennett** (Bexleyheath and Crayford) (Con): What steps his Department plans to take to assist hospitals with the cost of PFI payments. [81806]

The Secretary of State for Health (Mr Andrew Lansley): A Treasury review identified savings opportunities of up to 5% on annual payments in NHS PFI schemes. The lessons learned from the PFI savings pilot will be applied to all schemes in the PFI pipeline. The previous Government left a £50 billion post-dated cheque to pay for their hospital building programme. Much of it was unaffordable and poor value for money. We are dealing with that unfortunate legacy, including the 22 NHS trusts that identified this as a constraint on their future sustainability.

Mr Jones: I thank my right hon. Friend for his response. PFI schemes have undoubtedly undermined the financial stability of many local health economies, as is the case in Coventry and Warwickshire. Can my right hon. Friend assure my constituents that any solution to assist PFI schemes, such as at the University Hospitals Coventry and Warwickshire NHS Trust, will not be to the detriment of my constituents who use the George Eliot hospital in Nuneaton?

Mr Lansley: Yes, I believe I can give my hon. Friend that assurance. Through the process of working with NHS trusts to see what is necessary for them to become foundation trusts—for example, we are working with University Hospitals Coventry and Warwickshire NHS Trust—it is clear that action taken locally with support can deliver viability and sustainability for the future. I hope the same will be true for the George Eliot hospital, but as a separate trust it will not be as a direct consequence of the steps that are taken at Walsgrave.

Mr Evennett: I welcome my right hon. Friend's response to the original question. Poorly negotiated PFI deals for hospitals in the South London Healthcare NHS Trust are causing real financial problems and have led to the downgrading of Queen Mary's hospital in my borough of Bexley. Does he share my concerns about this injustice, and will he ensure that my constituents get the first-class health care that they need and deserve and look again at this PFI situation?

Mr Lansley: Yes, of course. My hon. Friend understands very well indeed how difficult are the circumstances of his trust, which includes two PFI hospitals, and Queen Mary's at Sidcup has suffered from the consequences of those PFIs. I am looking forward to the proposals on the future provision of health services on the Queen Mary's Sidcup site. South London Healthcare is clearly an extremely challenged trust and we inherited very substantial problems there. We are looking to resolve them with it, but it will need additional national support.

Claire Perry (Devizes) (Con): In addition to struggling hospital trusts, many, many community hospitals throughout the country, such as Savernake hospital near Marlborough, are also labouring under the burden of an enormous PFI contract and having the indignity of vital local services hollowed out under that lot's leadership on the Labour Benches. Will the Secretary of State please tell me what he will do to help those smaller hospitals with vital local services?

Mr Lansley: As my hon. Friend knows from her conversations with the Minister of State, Department of Health, my right hon. Friend the Member for Chelmsford (Mr Burns), we are very sympathetic to her concerns. By devolving commissioning responsibilities to clinical commissioning groups, I expect the local clinical leadership, understanding fully the contribution that community hospitals can make, to be supportive of that in their commissioning intentions in her constituency and others.

Health and Wellbeing Boards

14. **Dr Julian Huppert** (Cambridge) (LD): What plans he has to ensure balanced political and geographical representation on health and wellbeing boards. [81809]

The Minister of State, Department of Health (Paul Burstow): The Health and Social Care Bill sets minimum membership for health and wellbeing boards. The boards will provide local system leadership, assessing need and setting the strategy for commissioning health, social care and public health. Ensuring that the board has the benefit of a broad range of opinion and geographical spread is a matter for local decision. However, the Department's health and wellbeing board national learning network is developing and sharing good practice to inform those decisions.

Dr Huppert: Does my hon. Friend agree that the ability of a health and wellbeing board to represent democratically the interests of the people in its area would be boosted by having a reasonable number of councillors on it with both geographical representation across the area and political balance?

Paul Burstow: We are telling local authorities that they can have a majority of elected members on health and wellbeing boards if that is the appropriate way forward for their local community. My hon. Friend's area, Cambridgeshire county council, recognises the importance of ensuring that there is a geographical spread and a full involvement of local opinion in those boards. There is a special event next January for stakeholders to get information about that, in which I hope my hon. Friend will take part.

Chris Evans (Islwyn) (Lab/Co-op): Is not there a danger that health and wellbeing boards will simply be a talking shop for bureaucrats?

Paul Burstow: No.

Winter Pressures (NHS)

15. **Guy Opperman** (Hexham) (Con): What plans he has to ensure that the NHS is prepared for winter pressures. [81810]

The Secretary of State for Health (Mr Andrew Lansley): The NHS and social care systems are well prepared for winter. Our Winterwatch summary was first published last Thursday. It showed higher flu vaccination uptake, and I announced additional extracorporeal membrane oxygenation—ECMO—capacity, which will be in place by December. There is always more pressure on the NHS during winter. This year will be no different, but the preparations are in place.

Guy Opperman: Given the director of immunisation's recent report on the take-up by medical staff of the flu jab and the local efforts of Dr Alastair Blair, the chair of the Northumberland clinical commissioning group, will the Minister expand on the need for patient protection in the form of flu jabs in hospitals and surgeries around the country?

Mr Lansley: I would like to take this opportunity not least to commend the work that the chief medical officer has done this year in encouraging health care workers to have their seasonal flu jab. The latest figures are that 29% have done so, compared with 11% at the same point last year. We heard earlier from my hon. Friend the Member for Kettering (Mr Hollobone) how well Kettering has done, and there are hospitals that are demonstrating that a higher level is entirely achievable. I urge staff across the NHS to have their flu vaccination. It is the ethical thing to do, not least to provide protection to their patients.

John Healey (Wentworth and Dearne) (Lab): One of the things that makes the problem of winter pressures much greater is the NHS coping with the biggest reorganisation ever. The public have a right to know the risks that the Government's policies are placing on our NHS. The Information Commissioner agrees and has judged that the Secretary of State must now release the risk assessments and register for his NHS reorganisation. Will he now obey the law and end his 12-month cover-up?

Mr Lansley: I have been very clear and published all the cost-benefit and risk information relating to the modernisation of the NHS, and the impact assessment was published when the legislation was presented to the House of Lords.

David Morris (Morecambe and Lunesdale) (Con): The Care Quality Commission and Monitor are looking into the affairs of the University Hospitals of Morecambe Bay NHS Foundation Trust. Will my right hon. Friend assure my constituents that whatever the findings, the Government will act upon them quickly?

Mr Lansley: I entirely understand my hon. Friend's point. I of course will not prejudice whatever might be said in relation to that, but I will look at the report very carefully when it is presented.

Liz Kendall (Leicester West) (Lab): Social care is vital for reducing winter pressures on the NHS by helping to keep older people out of hospital, but the Government are cutting funding for older people's social care by £1.3 billion. Delayed discharges from hospitals are already up 11% from this time last year. The Minister responsible for care said in Westminster Hall on 10 November:

"cuts to front-line adult social care services are really beginning to bite."—[*Official Report*, 10 November 2011; Vol. 535, c. 178WH.]

Does the Secretary of State agree?

Mr Lansley: I have to say to the hon. Lady that it was this Government who, through the spending review, gave priority to social care. More than £7 billion was added to the social care budget as a consequence of the steps taken by my right hon. Friend the Secretary of State for Communities and Local Government and by the NHS. This year the NHS is providing an additional £648 million specifically to support adult social care. In addition, I have announced our Warm Homes Healthy People funding for this winter, which will provide additional support for those most urgently in need.

Accident and Emergency Provision

16. **John Mann** (Bassetlaw) (Lab): How many accident and emergency departments have reduced their on-site service provision in the last 12 months. [81811]

The Minister of State, Department of Health (Mr Simon Burns): This information is not collected centrally. It is for NHS commissioners to secure high-quality services for their communities. Where a substantial service change is proposed, decisions should be made against the Secretary of State's four tests, including support from GP commissioners and clear evidence of patient and public engagement.

John Mann: Broadening the definition of major trauma would have disastrous consequences for many A and E departments, not least those in Bassetlaw and the surrounding towns in south Yorkshire and the north midlands. Can the Minister give an absolute guarantee that the definition of major trauma is not being broadened, so that those hospitals and their A and E departments are not put in jeopardy?

Mr Burns: The assurance I can give the hon. Gentleman is that the siting of A and E departments will be a matter of clinical judgment. I can also assure him that £900,000 will be invested in the A and E department at Bassetlaw hospital for improvements, including the creation of a three-bay resuscitation room, a larger waiting area for patients and other improvements to enhance the quality of care for his constituents.

Amber Rudd (Hastings and Rye) (Con): At a recent surprise visit to my local A and E department, at the Conquest hospital, I was delighted to find a very high quality of care. Will the Minister reassure me that any local reconfiguration puts high-quality patient care at the centre of delivery?

Mr Burns: I am grateful to my hon. Friend, and I am glad that she had such a positive experience visiting her local A and E. I can categorically tell her that reconfigurations must be carried out in accordance with the Secretary of State's four tests and that clinical safety and quality of care are paramount.

Social Care

17. **Julie Hilling** (Bolton West) (Lab): What discussions he has had with the Chancellor of the Exchequer on the future costs of long-term social care. [81812]

The Minister of State, Department of Health (Paul Burstow): The Government are committed to publishing a White Paper and a progress report, responding to both the Law Commission and the Dilnot commission recommendations. As part of ongoing work, there have been numerous discussions throughout the Government, including with Her Majesty's Treasury.

Julie Hilling: At least 5,000 families a month are having to make decisions about the long-term care of loved ones. Since the election, thousands have had to sell their homes and spend every penny on care. How many more people—and for how much longer—will have to be terrified about their future?

Paul Burstow: If the hon. Lady had prefaced her question with an apology for failing to sort out the problem for 13 years, I might have taken it more seriously. This Government moved urgently to establish the commission chaired by Andrew Dilnot, we are now actively working through his proposals, and we will come forward with legislation and a White Paper in due course.

Margot James (Stourbridge) (Con): Does my hon. Friend agree that the integration of health and social care should be leveraged by commissioners to encourage savings in the acute sector, to contribute to funding much-needed improvements in long-term social care?

Paul Burstow: There is no doubt that more integration between health and social care is a way of improving the quality of services delivered to the public, and of releasing resources that can then be reinvested in improving services. We know, for example, that the use of reablement services can reduce costs and improve the quality of life outcomes for the people who receive them.

Training (Nurses and Doctors)

18. **Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): What steps he is taking to improve the training of nurses and doctors. [81813]

The Secretary of State for Health (Mr Andrew Lansley): Our reforms aim for excellence in education and training and for a better patient experience by ensuring greater accountability for employers in planning and developing their work force while being professionally informed and underpinned by strong academic links. I have always been clear that I want to see greater professional ownership of the standards of education and training, and greater employer engagement in getting work force planning right. We will publish more details on that when the NHS Future Forum reports shortly.

Mr Sheerman: Does the Secretary of State share the concerns that I have picked up in my constituency? First, although we have very good nurses in Huddersfield, national stories about a lack of care for elderly people make all of us worried about the quality of training of some nurses in some institutions. Secondly, will he remember that, with his demolition of the health service, we are moving to a system in which no management training is given to any doctor or GP? Is that not a recipe for chaos?

Mr Lansley: On the latter point, I have been talking to those in training, and part of their education increasingly includes leadership. That is what we are looking for—clinical leadership, not to turn clinicians into managers. They will work with managers, but they will provide leadership.

On nursing training, the Care Quality Commission's recent inspection reports, in particular, illustrated the sheer variability of care—sometimes even between wards in the same hospital. On that basis, we should not in any sense damn the quality of nurse training; we need to focus on the quality of nurse leadership—ward by ward, and hospital by hospital.

Mr Peter Bone (Wellingborough) (Con): The new Government's strategy on human trafficking requires the NHS to ensure that victims of human trafficking are recognised in hospitals and reported. One way of doing that is to improve training for nurses. I have just returned from Moldova, where nurses have a course on human trafficking as part of their training, so that they can recognise victims and help them. Is that something that we could incorporate here?

Mr Lansley: I am interested to hear my hon. Friend's experience. I certainly look forward to hearing more from him about it, and to taking it on board in considering how we respond to those obviously tragic victims.

Strategic Risk Register

19. **Kerry McCarthy** (Bristol East) (Lab): What assessment he has made of the effects of publishing his Department's strategic risk register on his restructuring of the NHS. [81814]

The Minister of State, Department of Health (Mr Simon Burns): Publishing the Department's risk register would have implications beyond the Department of Health, and we are taking the time granted to us by the Information Commissioner before deciding whether to appeal against his decision requiring its release.

Kerry McCarthy: I think I thank the Minister for that response, which at least gives some indication of where the Government are coming from. But, given the widespread concern among the public about the risks posed by the Health and Social Care Bill, and given that the Information Commission has ruled that the register should be published, does the Minister not think that it should be published before Report stage in the House of Lords, so that at the very least the findings can be used to inform the amendments being tabled to rescue the Bill even at this late stage?

Mr Burns: No, I do not think that the register should be published before then, in so far as we are still considering whether or how to move forward within the time scale that the Information Commissioner has given us—*[Interruption.]* Before the hon. Lady gets too pious, I must tell her—I do not say "remind her", because in the previous Government she will have been too busy tweeting, as the tweeting tsar, to know what the Department of Health was doing—that in September 2009 the right hon. Member for Leigh (Andy Burnham) similarly blocked release of the Department of Health's strategic risk register, using the non-disclosure provisions under section 36 of the Freedom of Information Act 2000, and that his predecessor, the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson), did the same on two occasions in 2008.

Mr Speaker: Order. It seems that the subject matter for an Adjournment debate is being provided.

Duncan Hames (Chippenham) (LD): Two, or even three, wrongs do not make a right. Regarding an exemplary risk register, does the Minister consider that the mitigation plans for any risks identified there may serve to reassure Members of the other House, if it were to be published in advance of the conclusion of the Committee stage there?

Mr Burns: If the hon. Gentleman had read it, he would know that the important aspect—*[Interruption.]* He says that he cannot read it, but if he listens for a minute, he will hear that the important parts that are relevant to the Health and Social Care Bill were published in January and September this year in the impact assessment for the Bill.

Andy Burnham (Leigh) (Lab): May I first commend the Health Secretary on his ingenious new approach to cutting delayed discharges? If his appearance on continuous loop on hospital TV does not cut length of stay, I do not know what will. One area where he has been noticeably less forthcoming is on the recent ruling by the Information Commissioner, which could not be clearer: Parliament and the public have the right to know what extra risks and threats his Department expects the NHS to face as a result of this top-down reorganisation. Let us give him one more chance to give us a clear commitment: will he live up to the Prime Minister's words on transparency and openness and publish the report in full without delay?

Mr Burns: The right hon. Gentleman may not have been listening to the response I gave to his hon. Friend, which was that the relevant aspects of the risk assessment have been incorporated into the impact assessments published in January and September. *[Interruption.]* Before he, too, gets too pious, may I remind him that it was he himself who, in September 2009, blocked the publication of his Department's risk assessment?

Andy Burnham: I would happily have paid £5 to opt out of that particular pre-scripted loop message. Unlike the Minister and his fellow Front Benchers, I was not subject to a ruling from the Information Commissioner. People watching this today will be left wondering what he and the Secretary of State are so desperate to hide. He can hide the report, but he cannot hide the growing warning signs we are seeing in our NHS: waiting lists up, delayed discharges up, and nurses made redundant. The truth is that he has placed the NHS in the danger zone, with a destabilising and demoralising reorganisation when it most needed stability. He says he wants feedback, so why does he not listen to patients and staff, put the NHS first and drop his dangerous Bill?

Mr Burns: It is marvellous how the right hon. Gentleman repeats his soundbite every time he discusses the NHS. I have to tell him that he is wrong. He knows that the NHS has to evolve. He knows that we have to improve and enhance patient care. I think he does himself a disservice by simply joining the ranks of organisations such as 38 Degrees, which is frightening people and getting them, almost zombie-like, to send in e-mails.

Topical Questions

T1. [81820] **Helen Jones** (Warrington North) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Health (Mr Andrew Lansley): My responsibility is to lead the NHS in delivering improved health outcomes in England, to lead a public health service that improves the health of the nation and reduces health inequalities, and to lead the reform of adult social care, which supports and protects vulnerable people.

Helen Jones: Is the Secretary of State aware that plans to remove vascular services from Warrington hospital will threaten services such as diabetes care, renal cancer care and the co-operation on stroke that has been built up with Whiston hospital? What will he do to protect those services, or is this part of the plan he discussed in February with NHS North West to reduce the number of acute beds and increase competition?

Mr Lansley: I am glad that on Monday the hon. Lady will have an opportunity for an Adjournment debate where this subject can be—

Helen Jones: Answer the question!

Mr Lansley: I will of course answer the question. The answer is that this is entirely driven by clinical issues in a local context. I can tell the hon. Lady that it is very much about trying to improve vascular services, and the judgments being made are local and clinical.

T2. [81821] **Iain Stewart** (Milton Keynes South) (Con): What leadership role do the Government expect the new health and wellbeing boards to play in determining significant NHS service changes in each local area?

Mr Lansley: The health and wellbeing boards will have a role not only in leading improvements in public health and social care but, through the joint strategic needs assessment and the strategy derived from that, in establishing how services should respond to the needs of the local population. The clinical commissioning group should respond directly to that, and any specific service configuration changes should form part of the commissioning plan. In addition, the local authority, through its scrutiny role, will have a continuing ability to refer those plans for review.

T4. [81823] **Mrs Mary Glindon** (North Tyneside) (Lab): Will the Secretary of State agree to meet me, and families living with muscle disease, to discuss the urgent problem of primary care trusts refusing to fund vital cough assist machines, which help to prevent serious and very costly winter respiratory infections for those who are unable to use their lung muscles to cough?

Mr Lansley: Of course I, or one of my colleagues, will be glad to meet the hon. Lady to discuss that. I might also say that it was important to have announced, as I did last week, the expansion of ECMO—extracorporeal membrane oxygenation—facilities across England. Those facilities present a life-saving opportunity for people with the severest respiratory disease.

T3. [81822] **Sajid Javid** (Bromsgrove) (Con): My apologies, Mr Speaker, for having missed my question on the Order Paper earlier.

Every five minutes someone in the UK suffers from a stroke, and over 1 million people are living with the effects of stroke. That is why I welcome the establishment of the first "life after stroke" centre—a £2 million investment in my constituency. Will my right hon. Friend join me in welcoming this excellent initiative by the Stroke Association?

Mr Lansley: Yes, of course I will join my hon. Friend in paying tribute to all the work that I know personally that the Stroke Association has done over a number of years in raising public awareness of the importance of developing stroke services, which has had an impact inside the NHS. We have improving figures in terms of reducing stroke mortality, and I now want to go further in ensuring that we enable people not only to survive stroke but to recover as many as possible of their abilities afterwards.

T5. [81824] **Paul Goggins** (Wythenshawe and Sale East) (Lab): Will the Minister with responsibility for public health update the House on her plans to review the criteria whereby people with haemophilia who have been infected with hepatitis C can claim stage 2 payments from the Skipton fund? Specifically, will she tell us how she intends to involve patients and carers in that review?

The Parliamentary Under-Secretary of State for Health (Anne Milton): I know that the right hon. Gentleman has campaigned hard on this issue. I can assure him that I recently met a group of MPs, and constituents of theirs who are suffering from hepatitis. As he knows, there is a wide spectrum of illness associated with chronic hepatitis C infection. We are aware that people could be suffering financial hardship as a result, and I would urge them to apply to the Caxton Foundation. The Department's expert advisory group on hepatitis C will continue to keep the evidence under review.

T7. [81826] **Henry Smith** (Crawley) (Con): In a number of surgeries in my constituency, and in many across the country, physicians' assistants play a very important role in enhancing capacity. Can my hon. Friend say whether there are any plans in the Department of Health to allow physicians' assistants to be able to prescribe medication?

Anne Milton: The medicines legislation governs the range of health professionals who can prescribe. The Government's policy is that only registered and regulated health professionals should be able to train for that; physicians' assistants are neither.

T6. [81825] **Nic Dakin** (Scunthorpe) (Lab): After speculation about the future of the Department of Health's free nursery milk scheme, will the Secretary of State assure families and nurseries that he recognises the value of free nursery milk in preparing young people for a good future and well-being in life?

Anne Milton: I assure the hon. Gentleman that we do recognise the value of nursery milk. The only shocking thing is that the previous Government presided over a scheme whereby nursery milk is now costing double the retail price, and we urgently need to look at that. We are committed to continuing the scheme, but shocked at what has gone on before.

T8. [81827] **Stuart Andrew** (Pudsey) (Con): An independent study of the patient assumptions of the Safe and Sustainable review has confirmed what many of us already knew: that, contrary to the review's claims, most families in Yorkshire and the Humber will travel not to Newcastle but to Leicester or Liverpool. Will my right hon. Friend seek confirmation from the Safe and Sustainable review body that it will revise its options in the light of that new evidence?

The Minister of State, Department of Health (Mr Simon Burns): I am grateful to my hon. Friend and I have heard the important point that he has made. No doubt the Joint Committee of Primary Care Trusts will also hear the point that he has made to me. I am sure that he understands that it would be totally inappropriate for me to give any view that might compromise the independence of Ministers on this independent review.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): What is the Secretary of State's estimation of the number of NHS doctors and nurses who, in an astoundingly demoralising way, are having their pay grades downgraded?

Mr Lansley: I do not have a figure for that. If the hon. Lady and others want to discuss it, I would be glad to see evidence of it—and so should NHS employers, because as part of the implementation of "Agenda for Change", staff should be banded in grades according to independent criteria.

T9. [81828] **Mr David Amess** (Southend West) (Con): Last year in Westminster Hall, the Under-Secretary of State for Health, my hon. Friend the Member for Guildford (Anne Milton) rightly praised the work of midwives and the Royal College of Midwives. Does she share my concern that locally, there could be a downgrading of community midwives, leading to an overall reduction in the number of midwives in our area?

Anne Milton: I thank my hon. Friend, and I will take this opportunity to praise again the work of midwives and the Royal College of Midwives. It was a pleasure to be at its conference only last week. I would point out that there are now more than 20,000 full-time equivalent midwives. That is an increase of 2.4% on last year. We

have record numbers of midwives in training, with 2,493 this year and an increase on that next year. What matters is that we get the right services for women who are pregnant, ensure that they can exercise the choices that they need, and get the right skills mix.

Jim Shannon (Strangford) (DUP): Figures today reveal that older women are being discriminated against in breast cancer treatment, with some 20% of women over 65 receiving chemotherapy compared with some 70% of women under 50. Will the Minister assure the House that those who are over 65 will receive equitable treatment, and that this discrimination will stop?

The Minister of State, Department of Health (Paul Burstow): I am grateful for that question, and I assure the hon. Gentleman that the Government are determined to root out ageism wherever it might be within the NHS. That is why we have made it clear that there will be no exemptions from age discrimination legislation—and that will have to be taken into account by clinicians when they make decisions.

Greg Mulholland (Leeds North West) (LD): The recent judicial review concerning the unit at the Royal Brompton hospital said that the Safe and Sustainable consultation was unlawful and the review should be quashed. Considering the concern about this matter and the flaws in the review, is it not time for the Minister to indicate when the Government might intervene? Otherwise, there could be further threats of judicial review.

Mr Simon Burns: The straightforward answer is no, because the Joint Committee of Primary Care Trusts has said that it intends to appeal. This is an independent review. It would be inappropriate for me or any other Minister to interfere in such a review, because we could be accused of compromising its independence.

Alex Cunningham (Stockton North) (Lab): The Prime Minister promised a bare-knuckle fight to save A and E and maternity units at King George hospital, Chase Farm hospital and other hospitals that the Secretary of State now plans to close. When will that fight take place, and where can hon. Members purchase tickets for ringside seats?

Mr Burns: I heard what the hon. Gentleman said, and I was disappointed that we did not reach his question on the Order Paper earlier, because he has been extremely concerned about the A and E in his own area in Hartlepool. That decision was taken on safety grounds. Emergency care has been provided at the One Life centre. The decision was taken with the support of the local overview and scrutiny committee, which he will appreciate has democratic accountability. That was the right decision. Where there are clinical reasons for taking such decisions, they should be taken.

David Tredinnick (Bosworth) (Con): Has my right hon. Friend the Secretary of State or any of his ministerial colleagues been able to visit the People's Republic of China to consider traditional Chinese medicine?

Anne Milton: I thank my hon. Friend for that question. He must be psychic, because I recently visited China, and it was fascinating to meet Ministers there. He will also be very pleased to hear, as I am sure the whole House will, that I visited a hospital and community centre that combines western medicine and traditional Chinese medicine.

Phil Wilson (Sedgefield) (Lab): The coalition agreement states that public sector employees, including health care employees, will be given a new right to set up employee-led co-operatives to run services. Can the Minister detail how many NHS co-operatives have been established and how many employees are involved in them?

Mr Lansley: I will gladly write to the hon. Gentleman if my recollection is wrong, but I think that something in the order of 25,000 staff have been transferred into social enterprises since the election. That represents something like £900 million-worth of NHS activity across England.

Tracey Crouch (Chatham and Aylesford) (Con): Pension reform is important to those of my constituents who work in the public sector—and, indeed, to the taxpayers who do not. With that in mind, does the Secretary of State agree that the heath service unions should work constructively with the Government on public sector pension reform rather than go on strike next week, potentially putting patients' lives at risk?

Mr Lansley: Yes, I am grateful to my hon. Friend. It is very important to me that NHS staff, and other public servants, are valued in their remuneration, including the pensions that they receive. That is precisely why I have myself engaged in discussion with the NHS trade unions and staff side and continue to be engaged directly in negotiations with them about that, on the basis of the conditional offer that the Chief Secretary to the Treasury announced to the House recently, which I think would be fair to NHS staff and to taxpayers. On that basis, I think it is completely irresponsible and unacceptable for some unions in the NHS—not the Royal College of Nursing or the British Medical Association—to intend to go on strike next week.

Mr Speaker: We are immensely grateful to the Secretary of State. He is testing the knee muscles of colleagues very considerably, and we are grateful to him for that, I am sure.

Lilian Greenwood (Nottingham South) (Lab): Today's report by Macmillan Cancer Support showed that over the past 40 years there has been virtually no improvement in life expectancy for those diagnosed with a brain tumour. Brain Tumour UK and experts such as my city's own Professor David Walker are calling for action to improve diagnosis and treatment. What action is the Department taking to address their concerns?

Paul Burstow: I am grateful to the hon. Lady for her question. Macmillan has done a very good job by highlighting the need to focus on survival rates with regard not only to brain cancers but to lung cancers. Through our outcomes strategy, we are focusing on earlier diagnosis and ensuring that the care pathway is faster and delivers the appropriate treatments at the right time.

Tessa Munt (Wells) (LD): There are 3,000 cases each year of early stage inoperable lung cancer, but as yet no national stereotactic body radiotherapy treatment for lung cancer. What number of patients does the Secretary of State consider to be the appropriate threshold at which he will instruct his Department to establish a national lung cancer tariff?

Mr Lansley: I am grateful to my hon. Friend for that question. I do not think I am in a position to say what figure is appropriate, but the national clinical director for cancer has already indicated to the NHS that he wishes us to develop a national tariff for stereotactic radiotherapy. A quarter of centres across the country already provide it, and our intention is to ensure that that is supported by a national tariff as soon as possible.

Huw Irranca-Davies (Ogmore) (Lab): Regrettably, there are still many thousands of attacks by dangerous dogs every year that end up with people in A and E, and occasional fatalities. Has the Secretary of State carried out any assessment of the cost to the NHS of treatment for attacks by dangerous dogs? If not, may I ask him to instruct his officials to do so?

Mr Lansley: I do not have those figures to hand, but I will gladly see whether we have them available, and I will write to the hon. Gentleman.

Several hon. Members *rose—*

Mr Speaker: Order. I apologise for disappointing colleagues, but Health questions are invariably box office, and usually a sell-out at that. We must now move on.

Coastguard Modernisation

3.34 pm

The Parliamentary Under-Secretary of State for Transport (Mike Penning): With your permission, Mr Speaker, I should like to make a statement on the Government's final decisions about coastguard modernisation in the light of responses received to the second round of consultation, which ended on 6 October 2011.

I should first like to remind the House that the plans for coastguard modernisation announced by my right hon. Friend the Member for Runnymede and Weybridge (Mr Hammond) in his statement on 14 July, following the first round of consultation, are not about altering the arrangements for front-line rescue services around our coasts. Rescue activities will continue to be carried out as they are today by the 3,500 community volunteers in the Coastguard Rescue Service; the lifeboats operated by the Royal National Lifeboat Institution; independent lifeboats operated by volunteer groups; and our search and rescue helicopters. The bravery and commitment shown by those providing front-line services have served this country well and will continue to do so.

The plans we have announced specifically include an increase in the number of regular coastguard officers who provide operational leadership to support the 3,500 volunteers in the Coastguard Rescue Service, whom I mentioned. These plans therefore reflect the importance we attach to continuing the delivery of a first-class local rescue service directly serving citizens and recreational mariners.

The decision announced on 14 July, and the further details I am announcing today, are about modernising the coastguard co-ordination function only. Modernisation is needed to address the limited resilience of current rescue co-ordination arrangements, which have changed little since the removal of the visual watch in the 1970s. Modernisation will provide the operational resilience needed; distribute work more effectively and efficiently around coastguard centres; make the most of the professional skills of our regular coastguards with levels of reward that match their responsibilities; and deliver improved support and co-ordination for our Coastguard Rescue Service and our search and rescue partners.

The original proposals, which we consulted on last December, had been discussed and developed over several years by the previous Government. We said at the outset that we would have a genuine consultation and that we expected the outcome of the process to be improved and more resilient plans.

We made it clear in July that we had listened to the views expressed in the first consultation. As a result, we announced that, in implementing a nationally networked system, we would retain more coastguard centres than originally proposed; keep all these centres operating 24/7; and retain more regular coastguard jobs. These plans will keep open at least one of each of the paired coastguard centres. Operational pairs have experience and knowledge in managing incidents across their shared geographical areas. Keeping at least one centre from each pair will therefore ensure that that experience and local knowledge is retained. In addition, as we explained in July, the operational costs of retaining the 10 centres overall plus a small centre in London will be offset by operating only one national maritime operations centre—MOC—with an unmanned back-up in Dover, rather than the two that were previously planned.

The second consultation exercise, which is what this statement is about, invited views on four specific issues: the retention of both the centres at Stornoway and Shetland and their operation on a 24/7 basis; the change to a single maritime operations centre with an unmanned back-up in Dover; the retention of Holyhead rather than its paired centre at Liverpool; and the retention of Milford Haven rather than its paired centre at Swansea.

The second consultation closed on 6 October. I should like again to thank all those who engaged in the process, including those in the service, members of the public and Members from both sides of the House. All responses were read and examined by an independent team, which has helped to develop the modernisation proposals. I am making its report on the issues identified in the consultation available today on the Maritime and Coastguard Agency website, and it will be available in the Library of the House.

Let me now turn to the specific questions we posed in the second consultation. The support for keeping open both the centres at Stornoway and on Shetland was overwhelming, so I can confirm that we will keep them both open on a 24/7 basis.

On the move to a single maritime centre, concerns were expressed about having both an unmanned centre and its back-up in the south, when they should be geographically separated, and about the possible reduction in capabilities at Aberdeen to co-ordinate oil or gas incidents if there was not to be a second main centre in Aberdeen. However, we continue to believe that with more centres remaining open on a 24/7 basis, there is sufficient cover not to need a second nationally networked system. Consequently, there will be one network in the south.

We also believe that the back-up at Dover is sufficiently distant from the maritime operations centre in the Portsmouth-Southampton area—I shall return to that later—to provide the necessary resilience while minimising costs. However, we will retain additional specialist staff in Aberdeen to maintain the Maritime and Coastguard Agency's close links with the oil and gas sector. Those jobs will remain.

On the choice of Holyhead rather than Liverpool, representations were received stressing the scale and proximity of maritime and tourist activities at both locations; questioning the importance of the Welsh language considerations highlighted in the first consultation; and concerning the running-cost advantages and higher disposal costs for Liverpool. We considered the responses carefully, but as we made clear in July, we have identified no operational or financial reasons for preferring one location to the other. In particular there are no significant differences in running costs.

In the light of comments in the first consultation, it is also our view that familiarity with Welsh place names, rather than speaking Welsh, must be an important consideration supporting the retention of Holyhead. As a result, I have concluded that Holyhead should form part of the nationally networked system and that the co-ordination function at Liverpool will close. We plan to maintain a marine office, coastguard rescue team, coastal operational hub and a radio mast at the Liverpool site.

Representations were also received about the proximity, particularly of maritime activities, at Milford Haven and Swansea. The representations concerned the perceived risks of having a centre so close to liquefied natural gas terminals at Milford Haven; better transport links in Swansea; and the wider potential recruitment pool in the Swansea area. I must reiterate, however, that within the nationally networked system, which will co-ordinate incidents in this area, there are no operational reasons for choosing one or other of these sites. Similarly, as was explained in July, we are satisfied that there are no considerations that favour either location.

In addition, we have not recently experienced any recruitment problems at Milford Haven. As a result, I have concluded that it remains right that the choice of Milford Haven as the site for a continuing coastguard co-ordination centre should reflect the Department for Transport's continuing substantial levels of employment in Swansea. This means that we will no longer have a coastguard co-ordination function at Swansea, but we plan that the building will remain in use as a coastal operations hub for the volunteer rescue teams. It will be at that site.

Having reached these decisions, I am today publishing a short summary document that sets out a clear blueprint for the operation of the nationally networked coastguard co-ordination service comprising a single national operations centre in the Portsmouth area—again, I shall return to that—a back-up national operations centre at Dover; and centres at the MCA sites at Humber, Aberdeen, Shetland, Stornoway, Belfast, Holyhead, Milford Haven and Falmouth. This blueprint also sets out the previously announced provisional timetable for the closure of the other existing co-ordination centres before 31 March 2015. The centre at Solent will be replaced by the new maritime operations centre. This timetable remains our best estimate of when these centres will close, although clearly it will need to be kept under review to match operational requirements.

The document also explains—and I stress this point—the strong commitment to the coastguard presence that will be retained at the existing MCA sites at Liverpool, Swansea and the Thames, even after the co-ordination centre function ends. There will be a similarly strong presence in the Clyde area, but not at the existing site.

Finally, I would like to say something about the location of the new national maritime operations centre. With the full support of my right hon. Friend the Secretary of State for Communities and Local Government, I am pleased to inform the House that the maritime operations centre will be housed in the vacant fire control centre building in Fareham—the significance of that with a former fireman standing here will be obvious. The building's existing facilities mean that the maritime operations centre can be established quickly, allowing for an extensive programme of tests and trials to prove and refine the new concept of operations for maritime rescue co-ordination. Those tests and trials will be an important element in addressing the understandable concerns from many professional coastguards about the operation of the new system and will ensure no reduction in capabilities in the transition period. The choice of Fareham also makes best use of the Government's existing estate and minimises up-front costs, offering best value for money.

I understand, of course, that the closure of some existing co-ordination centres and the loss of some coastguard jobs will come as a disappointment to those directly affected. However, the decisions that I have announced today will deliver the modernised, nationally networked and fully resilient coastguard service that we require for the future, while also reducing costs. Critically, these decisions will enable us better to support our coastguard volunteers and the front-line rescue capabilities on which the public and mariners depend. I commend this statement to the House.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): I thank the Minister for an advance copy of his statement. I would expect no less a courtesy from a former fellow fireman, but it is especially generous coming from someone who served with the Essex brigade to someone from London. I apologise to the Minister and to you, Mr Speaker, that my hon. Friend the Member for Garston and Halewood (Maria Eagle), the shadow Secretary of State, is not present. She has pursued the issue vigorously, as have the shadow Secretary of State for Education and the shadow Leader of the House. She is particularly frustrated at being unable to be here today, especially as her own station is to close.

I also thank the Minister for making today's statement, ending the prolonged concern and uncertainty in coastguard communities. These exercises take time, and I know that the Minister made a considerable personal effort in travelling to various parts of the country to meet and engage with staff and others. That is to his credit. He will also have listened to the respected chief executive of the MCA, Sir Alan Massey, and the highly regarded chief coastguard, Rod Johnson. I, too, would like to take this opportunity to express our support for them and the entire coastguard service, which so professionally co-ordinates the first-class search and rescue capability around our coast.

As a member of the Worshipful Company of Shipwrights, as former shipping Minister and now as shadow shipping Minister, I, like the Minister, am proud to wear the red ensign badge, in solidarity with and respect for British shipping in all its aspects. I have no doubt that the Minister has done his best within the limits set by the Treasury and his departmental budget; but equally, I have no doubt that these proposals are at least partly driven by financial constraints. He knows the concerns out there about shipping safety owing to the loss of Nimrods, the ending of the emergency towing vessel contract and the outstanding review of the air-sea search and rescue service. The Select Committee on Transport, under the excellent chairmanship of my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), echoed that concern when it said:

> "The evidence...raises serious concerns that safety will be jeopardised if these proposals proceed."

In that case the Government were right to look again and amend their original proposals.

I would be grateful if the Minister responded to a few questions. In the original plan he envisaged two operational centres, we assumed for resilience. Can he reassure the House that the non-staffed back-up will be able to do the job if the main centre crashes? Can he also say how quickly it would be up and running under such circumstances? Can he tell us how many coastguards will remain in full-time employment after this modernisation

[Jim Fitzpatrick]

programme? I think he said that there would be more, but I assume that that is against the original consultation document, not the present establishment. Part of our review in government was about addressing low pay among coastguards historically, compared with similar staff, with similar duties, in the other emergency services. Given that remaining staff will be undertaking more work with more responsibilities and that we anticipate they will need to be upskilled, will this modernisation address that historic anomaly? My last question is when we can expect a statement on the future of the air-sea search and rescue service.

In conclusion, we welcome the Minister's acceptance of the need to keep both Shetland and Stornoway, and we are relieved that the Department proposes 24/7 cover at all the remaining stations. His decision to retain one of each pair of twinned stations is an acknowledgement that the question of local knowledge weighed heavily on him and his officials. I am sure he will understand, however, that in a number of communities out there now, there will be real disappointment and even anger today. I look forward to hearing the Minister's answers.

Mike Penning: I thank my friend for his comments: we agree on most things, but occasionally disagree; perhaps we will disagree a little bit today. Let me answer the hon. Gentleman's four specific questions.

In the original proposal, which we inherited from the previous Administration, two MOCs were required, not least because the majority of the stations would have gone part time. They are no longer going part time; they are 24/7, so the resilience within the system, which is not there today, will give us the communications resilience that we need. If we need to move into the unmanned MOC we will do so. We looked at this carefully and found that in 99.9% of cases we would not have to do this, even if the MOC went down initially, because the other stations will pick it up, and we are moving towards the Dover MOC.

Pay is a real issue: £13,500 as a basic salary for someone working in the emergency services is a disgrace. I know that the shadow Minister looked at this carefully when he was in my position, which is why the original proposals were on his former desk and on the desk of the Minister before him and the one before that. We have done something about it so that we have pay, conditions and promotion opportunities for the people who serve so well.

In the original proposals I inherited, coastguard staffing levels would have gone down to 244. Under the proposals I have announced today, the staffing level will be 314. The shadow Minister will have to wait for the Secretary of State to make her announcement on search and rescue helicopters.

Sheryll Murray (South East Cornwall) (Con): The Prime Minister told this House on 30 March:

> "We want to make changes only if they improve coastguard support that people in fishing communities and elsewhere get...If that is not the case, we will obviously have to reconsider reforms".—[*Official Report*, 30 March 2011; Vol. 526, c. 336.]

If, as many sea users at all levels from rear admirals to professional yachtsmen believe, the trial of a new control centre demonstrates the loss of local knowledge to be an added danger to any sea user, will the Minister reconsider his plans for closing any coastguard co-ordination centres, as the Prime Minister has already mentioned?

Mike Penning: I thank my hon. Friend for her important question. One point in having Fareham open so early is that we will be able to trial the new system early, which will mean that no centres will close before the robustness of the system is demonstrated. Should there be any blips in the system, I can assure my hon. Friend that no station will close until we have the level of resilience that we do not have today.

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): The Minister's proposals mean a cut in staffing levels covering the Clyde area of 56% in comparison with a UK average cut of 33%. I see nothing in the statement that changes that. Why does the Minister think that the Clyde, which is the busiest area for call-out, should have a disproportionately higher cut in staffing?

Mike Penning: I am sorry if I misled the hon. Lady, but Clyde will close as a co-ordination centre. It is already paired with Belfast. Belfast regularly covers the resilience and has the local knowledge that is necessary. That is why we took the decision to keep one of every pair open. I understand that it is sad for the hon. Lady, but there will be coastguards working in the Clyde area, although it will not be a co-ordination centre.

Mr Charles Kennedy (Ross, Skye and Lochaber) (LD): Whilst welcoming the sensible concessions made, not least with regard to the west coast, the Minches and the northern waters—I have to say that the earlier suggestions flew in the face of all common sense—I ask the Minister whether he will none the less accept that there is a considerable element of gamble here. Given the warnings from the seafarers and the emergency services, who have done this job successfully for generations, about what might occur, will the Minister at least confirm from the Dispatch Box today that if circumstances merit it, he would be willing to reopen this entire recasting and go back to the drawing board?

Mike Penning: I respect the right hon. Gentleman's views, but we took this action because the original proposals were flawed. They were not my proposals; they were the last Government's proposals.

The point of introducing the resilience that does not currently exist is to end the scaremongering about safety. Safety standards are not good today, but they will be good from now on because of that resilience. In most of the coastguard stations that I visited around the country, including stations in Scotland, I was told, "We know that we have to cut the number of stations to nine or 10."

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I recognise that significant changes have been made since the Government's original proposals, but what work has been done to ensure that, notwithstanding the scale of the closures, local knowledge will be retained so that lives can be safeguarded?

Mike Penning: I fully respect the Chairman of the Select Committee on Transport, whose report helped me to decide how to proceed. The point of keeping one

centre in a pair which regularly covers the topography of the other centre's area is to retain the local knowledge about which so many of those who were consulted expressed concern. I know that there will be disappointment in some parts of the country, but the resilience to which I have referred is more important. We need a 21st-century coastguard.

Caroline Dinenage (Gosport) (Con): My constituents will be very disappointed that the new maritime operations centre will not be based at the Daedalus site. Can the Minister assure us that the hugely experienced coastguards who will lose their jobs at Lee-on-Solent will be helped to find work at the new Fareham site?

Mike Penning: I thank my hon. Friend for that important question. When possible we need to retain the experience that we have at the co-ordination centres, particularly the one at the Solent, and we have no intention of making compulsory redundancies there. There will be more job offers at the new MOC, and I hope that as many people as possible transfer to it.

Angus Robertson (Moray) (SNP): I thank the Minister for letting me see his statement in advance, and for the communication in which he has engaged with my hon. Friend the Member for Na h-Eileanan an Iar (Mr MacNeil).

We now know that two out of five Scottish coastguard stations will close, and that we have only an interim contract on the emergency tugs. The Government have announced the scrapping of the entire fleet of fixed-wing long-range search and rescue aircraft, and the future of the air rescue co-ordination centre at Kinloss is still uncertain. Is this not the time to devolve those powers to the Scottish Parliament so that they can be taken seriously?

Mike Penning: No.

Paul Maynard (Blackpool North and Cleveleys) (Con): I thank the Minister for his statement, and pay tribute to the great personal effort that I know he has put into visiting every affected coastguard station to ensure that consultation was both open-ended and reasoned. Can he none the less reassure me that when one of a pair of co-ordination centres closes, there will be a structure in place to ensure that local knowledge is transferred between staff and we do not see a sudden cliff-edge changeover?

Mike Penning: The closures are planned for March 2015, so there will be no cliff edge. I repeat that, having studied the results of the consultation extremely carefully, we decided to adopt the pair-based system because the current local knowledge of the topography would be retained. When I visited Swansea—and I expect that a Swansea Member will ask a question shortly—the station was closed while I was meeting the staff, and Milford Haven took over the local knowledge. That sort of thing is happening regularly, and it will introduce more resilience to the system.

Mr Frank Doran (Aberdeen North) (Lab): I welcome the Minister's recognition of the unique position of the Aberdeen station and its links with the oil and gas industry. However, although he has accepted that there needs to be a back-up MOC—which was not included in the plans announced last September—I understand that it is to be a part-time empty station in Dover. The Aberdeen station, which was included in the original December proposals, is fully manned, and could act immediately with a full staff complement in an emergency. What assurances can the Minister give about the security of the system in such circumstances?

Mike Penning: The Aberdeen station is not fully manned as a MOC today. It is a co-ordination centre. Under the previous proposals, if we had taken out the second MOC there would have been 23 staff in Scotland, whereas 69 will be working for me at the co-ordination centres in Scotland. We considered carefully whether we would need a second MOC if we kept the twin stations open 24/7, and decided that, with the twin stations open and a nationally resilient communications system, we did not need a full-time second MOC.

Mr Bernard Jenkin (Harwich and North Essex) (Con): May I thank my hon. Friend for this difficult statement and for the sensitive way in which he has approached these very difficult decisions? Can he confirm that he is, in effect, announcing the closure of the coastguard centre at Walton-on-the-Naze today? Will he understand how much of a disappointment that is to local people, and to me and my hon. Friend the Member for Clacton (Mr Carswell), who have made representations to him on this matter? How can we ensure that the local knowledge of the locally employed people there is somehow included in the new arrangements, not least in respect of their job opportunities, even if they wish to continue to live locally?

Mike Penning: My hon. Friend knows that I have listened very carefully to the consultation, and to delegations from across the House and across the country. Yes, his local station will close, but the station that covers it on a regular basis will stay open, the local knowledge will still be there and, wherever possible, those staff will be transferred to the new stations.

Lady Hermon (North Down) (Ind): I warmly welcome the confirmation in today's statement that Northern Ireland's only coastguard centre will be remaining open in Bangor in my constituency. I am very pleased to put on the record the fact that the Minister listened very carefully to all the political voices raised right across the board in Northern Ireland in support of retaining that coastguard centre. Before he agrees to come back to Bangor at my invitation—we would love to have him back, with the good news—will he kindly confirm that he has sought and obtained reassurances from the Irish Government about the continued availability of Irish helicopters, deployed from Sligo and paid for by the Irish Government, to assist the Northern Ireland coastguard so ably, as they have done in the past?

Mike Penning: I thank the hon. Lady for her kind comments. It appears that I was, with my proposals, the only politician in many years to manage to unite all the political parties in Northern Ireland. To be fair, I looked very carefully at where the centre should be; Belfast covered the Clyde, the Clyde covered Belfast and the decision to keep the centre in Belfast was taken for resilience purposes. I have now met two Transport Secretaries from the Republic of Ireland and I understand

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that they have no plans to remove the excellent service they give us. We will share that service as our new search and rescue helicopter is introduced too.

Sir Menzies Campbell (North East Fife) (LD): Does my hon. Friend understand the degree of disappointment that there will be in my constituency that the opportunity of the second consultation has not been taken to provide a reprieve for the station at Fife Ness? Furthermore, is he aware that fishermen, yachtsmen and all the seafarers who use the firth of Forth believe that his decision is profoundly mistaken?

Mike Penning: I apologise to my right hon. and learned Friend if I have not been able to make the announcement that he wanted me to make today, but this consultation was not about Fife—that matter was dealt with in the first consultation and it was finished when the previous Secretary of State made his statements to this House. Although there are concerns, our current system has a national emergency service without any national resilience. That cannot be acceptable and I was not willing to sit, as the Minister, and let that carry on.

Nia Griffith (Llanelli) (Lab): Will the Minister tell us exactly how much money he will be saving by closing Swansea coastguard station, given that there will be a continued presence at that building? How does that compare with the money he would have saved had he chosen to close the centre at Milford Haven instead?

Mike Penning: As I said in my statement, there is almost no difference in the cost savings—the cost is in staff. May I say to the hon. Lady that under the proposals that I inherited only one out of the three centres in Wales would have stayed open and there would have been 10 staff in Wales, whereas there are 46 with my announcement today?

Richard Drax (South Dorset) (Con): I know that the Minister will appreciate, because we have sent many submissions to him that Portland coastguard should remain open, how devastated my constituents are that this decision has been made. Will he reassure me and my constituents that if the trial at Fareham does not meet expectations, reopening the Portland centre will be at the top of the agenda?

Mike Penning: I thank my hon. Friend for reiterating the importance to his constituents of Portland. However, I am sure that he would join me in saying that the front-line emergency personnel—the volunteers—are the most important people here and their resilience and ability to do their job is the most important thing. We will be able to enhance their training and enhance the pay in our coastguard co-ordination centres. Not in a million years could I have been able to afford to build the facility in Fareham. It was folly of the previous Government to do so and I will utilise that building to its best abilities.

Bill Esterson (Sefton Central) (Lab): I remind the Minister that the two issues that will anger people about the decision on Crosby are those to do with local knowledge of the north-west coast of England and the west of Scotland, which will now be lost, and those to do with the proposal put forward by the staff to host the maritime operations centre at a significant saving. He said in answer to an earlier question that he was not looking at new plans in the second consultation, but would it not have been a good idea for the Government to have done so and to have considered the good ideas coming forward from staff, such as those proposed at Crosby?

Mike Penning: On the hon. Gentleman's second point, the consultation was quite specific about whether we should have one MOC or two MOCs. The second proposal was for a MOC in Aberdeen and I needed to say that we were not going to do that if we were to have the money to keep the other stations open and that we would have the resilience without it. Even though the facilities at Swansea are good, they are nothing compared with the fire control centre I have taken over in Fareham, and I invite any hon. Members to visit that facility. The communications and build quality are second-to-none. As I have said, I could never have afforded to build it so the deal that I have done with the Secretary of State for Communities and Local Government is absolutely brilliant. As the hon. Gentleman knows, when I was at Crosby—on my very first visit—the full-time coastguards told me that having the existing 18 centres was wrong and they suggested there should be nine. I am sorry that Crosby is not one of them.

Mr Julian Brazier (Canterbury) (Con): May I congratulate my hon. Friend on producing a well-balanced package under difficult circumstances? In particular, I welcome the promises on reward for our underpaid coastguards. I join him, too, in welcoming the huge contribution made by volunteers, including Whitstable RNLI. When he makes proposals on search and rescue helicopters, will he look closely at the hybrid arrangements in north America, through which the armed forces reserves offer a very cost-effective approach?

Mike Penning: Some of what my hon. Friend has just asked for is above my pay grade and even comes under a completely different Department. The Secretary of State is sitting next to me and I am sure that she has heard the message loud and clear.

May I also reiterate—I hope I mentioned it in my statement—my complete admiration for the volunteers, whether they are in the volunteer lifeboats of the RNLI or the 3,500 plus volunteers who go out on a regular basis and put their lives at risk for us?

Mr Iain McKenzie (Inverclyde) (Lab): It will come as no surprise to the Minister that, as the Member for Inverclyde, where the Clyde coastguard is situated, I am deeply disappointed with today's announcement, which comes on the back of 800 new engagements in the consultation process, tens of thousands of signatures sent to the Prime Minister in support of retaining the Clyde coastguard and numerous letters from organisations to the Minister. How does the Minister intend to assure people on the west coast of Scotland that safety is paramount and that the loss of the Clyde coastguard station will not mean that the area off the coast of the west of Scotland will be a no-shipping zone?

Mike Penning: I know that it is difficult, but hon. Members should be careful about the emotive language that they use. When the Clyde co-ordination centre is

not operational for whatever reason, its pair does the job on a regular basis. That happens and it happens around the country. That was why we went to this system and that was part of the submission. If the hon. Gentleman is disappointed by what I have said today, I must say to him that the previous Government's proposals, which were on my desk when I arrived, were 10 times worse.

Mr Adrian Sanders (Torbay) (LD): There will be great disappointment across south Devon at the announcement of the closure of the Brixham control centre. I know that the hon. Member for Totnes (Dr Wollaston), if she were able to be in the Chamber today, would share my concern. Can the Minister guarantee that there will continue to be a coastguard presence, if not the control centre, in the Torbay area? Will he consider the possibility of bringing other coastguard activities, such as the training of control centre and rescue staff and even volunteers, into the Torbay area to build on the reputation that the coastguard service has built up over decades?

Mike Penning: There is acceptance that the quality of Her Majesty's coastguard is world-renowned. I was at the International Maritime Organisation's assembly yesterday morning and the leader of the American coastguard was talking to me about that particular point. The proposals we have finished with today will allow us to have more money for full-time staff to train the volunteers, more equipment and a professional career and pay structure that we would all be happy with, rather than the structure we have today.

Martin Caton (Gower) (Lab): Surely, the most perverse aspect of today's statement is the proposed closure of Swansea. What justification do the Government give for this? They want to expand the DFT's economic footprint in west Wales. What is the impact of that? Perhaps the Minister could explain why a so-called employment measure will take jobs away from an area of higher unemployment to protect them in an area of lower unemployment. And how on earth can he justify leaving the Bristol channel, which is one of the most dangerous waters around our country, without a 24-hour coastguard station?

Mike Penning: On the first of the two substantive points that the hon. Gentleman raises, the Department and the Secretary of State are responsible for in excess of 5,000 DFT staff in the Swansea area. The economic effect on the small number of staff at Milford Haven is disproportionately beneficial to them compared with what would be the case at Swansea. That is what we have said both in the statement and all the way through. On the second point, when I was at Swansea attending a meeting with the staff, the station was switched off and Milford Haven was covering the very dangerous areas to which the hon. Gentleman refers. If that had not been safe, I am sure the coastguard would not have turned the station off.

Sarah Newton (Truro and Falmouth) (Con): I very much welcome the reassurance that the Minister gave to my hon. Friend the Member for South East Cornwall (Sheryll Murray) that the safety of people on our seas will be paramount in all his considerations as the proposals are developed. Will he give me further reassurance that the front-line coastguards at the co-ordination centres that will remain will be given the opportunity to work alongside the coastguards developing the new processes and procedures in the MOCs so that we will truly have the resilient and first-class service that I know he aspires to achieve?

Mike Penning: A shocking thing that I found when I took over this job and visited co-ordination centres around the country was the complete lack of co-ordination. The pairs were linked but apart from that there was no national resilience at all. The whole point of doing this is to give us a 21st-century emergency service with that level of communication and skills. Training will be paramount. That will be done not only in the MOCs but across the co-ordination centres because they will be picking up calls from other areas just as the MOCs will be.

Katy Clark (North Ayrshire and Arran) (Lab): Will the Minister clarify the position of the Clyde station given that the lease of the premises is coming to an end at the end of next year? Is that when it will close? This is of great concern given that the maritime operations centre will not be in place then, so there will be no national resilience, and that Belfast is a far smaller station than the Clyde station at the moment. Does he understand the massive concern that we are leading to a situation in which there will be very little cover on the Clyde and far fewer resources than now?

Mike Penning: It will not be the case that there will be little cover on the Clyde because that station is paired and the pairing will cover it no matter what. That happens today and has been the case for many years. There is no drawback at all to the front-line emergency services carrying out the rescues. Indeed, the exact opposite is the case—I am enhancing them, I am going to have more paid staff training them and there will be more safety and more cover. I am very aware that the lease on the station is running out, which is why I said in my statement that we will keep a strong footprint in the Clyde area—but it will not be at the existing station.

Mrs Anne Main (St Albans) (Con): I am pleased that the Minister anticipates the operations centre at Fareham coming on line quickly. Will he give some indication of when he anticipates that happening and how long the transitional period might be?

Mike Penning: We already have the keys to the operations centre in Fareham and we have been showing staff around. I have not formally signed a contract yet, but I hope to do so in the next few weeks.

Mark Durkan (Foyle) (SDLP): May I associate myself with the comments of the hon. Member for North Down (Lady Hermon) complimenting the Minister on his accessibility during this exercise? Will he assure us that the reduced number of MOCs, with their extended geographic catchments, will give the same quality and level of support as they previously have to our voluntary search and rescue services, which provide such a strong service on our inland waterways?

Mike Penning: I am very aware of the unique geographical situation and size of Northern Ireland's inland waterways. That is one of the reasons why I gave careful consideration to the question of whether it

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should be Belfast or Liverpool, and why we kept Belfast. The other reason was the unique situation of a border with another EU member state. Also, Belfast has shown time and again its ability to cover for the Clyde so that the pairing system works.

Peter Aldous (Waveney) (Con): I commend the Minister for the comprehensive and sympathetic way in which he has gone about his further consultation. I acknowledge that one of the paired stations will remain open on a 24/7 basis, but I am concerned that on the east coast it is not the one at Yarmouth, but the one on Humberside. My concern focuses on the broads and the myriad internal waterways. Concern has been expressed to me by the Broads Authority and the Norfolk and Suffolk Boating Association that local knowledge cannot be provided from the Humberside. Will my hon. Friend consider a station operated on a seasonal basis, much the same as for the Thames, to deal with that area?

Mike Penning: I fully understand my hon. Friend's concerns. If I went down that avenue, I would open up a Pandora's box and my Secretary of State would shoot me. I have holidayed nearly every year for the past 30 years on the Norfolk broads, especially across Breydon water. I understand the concerns, but I think the cover will be resilient enough. I hope people from Yarmouth transfer to the Humber. The new career and pay structures will make it much more worth while than was ever the case in the past, but I understand my hon. Friend's concerns.

Mr Speaker: We are always interested to hear of the Minister's holiday arrangements, as well as his fear of the death penalty.

Mr Dave Watts (St Helens North) (Lab): The Minister assured the House that there would be some Liverpool-based facility. Will he clarify whether there will be any people in that facility who will be able to rescue anyone?

Mike Penning: The rescue facilities in the Liverpool area will be enhanced. We will utilise the buildings that we have so that we do not rent new buildings for the sake of it. We will have more trainers, more enhanced staff, and the volunteers will provide a much better service for the public to rely on.

Iain Stewart (Milton Keynes South) (Con): Although my Milton Keynes South constituency is probably as far from any part of the UK coastline as it is possible to be, I take a close interest in these matters as a member of the Transport Committee. I congratulate the Minister on balancing so many competing priorities and representations so objectively and fairly, but can he confirm to me that he is still reversing a key flaw in the original proposals, which was for only daylight operations at some stations?

Mike Penning: That is one of the key aspects that we examined to see where resilience would come from. As we looked at the possibility of not having a second full-time MOC, the only way to provide resilience was for all the remaining stations to be open 24/7. That is why they will all be operational 24 hours, not just with daylight manning.

Andrew Miller (Ellesmere Port and Neston) (Lab): Pursuant to the question from my hon. Friend the Member for St Helens North (Mr Watts), and given the diversity of risks in Liverpool bay, ranging from the myriad estuaries to complex offshore facilities, is the Minister satisfied that the co-ordination facilities in the Liverpool bay area will be adequate? I share his view about national resilience. Will he look very carefully to make sure that what he is delivering meets what he says?

Mike Penning: As an ex-firefighter, I would never in a million years propose something that I did not feel would have the resilience, the technology, the skills and the local topography to allow it to take place. The volunteers in the Liverpool area, particular in the area that I visited, have unbelievable skills, which will be enhanced, not hindered.

Brandon Lewis (Great Yarmouth) (Con): Although there will be huge disappointment in Great Yarmouth at the loss of our coastguard station, we note the Minister's earlier comments about the job opportunities, the local knowledge and the resilience that could be improved with the Humber pair being kept. We are grateful for his recent visit to Great Yarmouth to visit the Caister independent lifeboat. Will he confirm that the Maritime and Coastguard Agency will continue to work as closely with independent lifeboats such as those at Caister and Hemsby as it does with the excellent Royal National Lifeboat Institution?

Mike Penning: One of the great things about having the RNLI is that it is a brand known worldwide and a fantastic facility. However, little is known in this country about the volunteer lifeboats. There are huge numbers, including the one that I visited and went out to sea on at Caister recently, where the crew desperately tried to make me seasick, unsuccessfully. I can assure the House that not only will the facility be as good as it is now, but it will be better.

Mr Russell Brown (Dumfries and Galloway) (Lab): I am sure that the Minister will recognise the bitter disappointment of those in my locality who campaigned so hard to retain both the Liverpool and Clyde facilities, which serve 200 miles of coastline. The Scottish Government Transport Minister failed to recognise the significance of Liverpool to the Solway coast, but did the Secretary of State for Scotland and the Under-Secretary of State make any representations to him about retaining the Clyde facility?

Mike Penning: The Scotland Office was fully informed of the proposal. I phoned the Minister yesterday to tell him, and I did the same for the Wales Office. This is a national emergency service, so the House and the Government are fully responsible for it. I understand the concerns, but we must reiterate that at the moment we do not have a national resilience service. If two of these pairs go down, there is no way that we can provide the cover necessary in a 21st-century service. This should have been done years ago, as I know the hon. Gentleman will admit.

Bob Stewart (Beckenham) (Con): Each year, the coastal waters have more and more incidents. Will my hon. Friend assure me that the surveillance and subsequent safety of our coastal waters will be maintained under the new proposals?

Mike Penning: I am sure that my hon. Friend is aware that these days in a co-ordination centre binoculars are not the usual piece of equipment used to survey what is going on at sea. The electronic equipment that we use is highly technical and works very well. In times of high need, we will be able to move that around the network so that other less important jobs that are already flowing through can be taken on by other stations or the MOC while new emergencies that are coming on board, with the local knowledge that is so desperately needed, can be facilitated.

Albert Owen (Ynys Môn) (Lab): May I join the Minister and the shadow Minister in paying tribute to the search and rescue family, including volunteers of coastguard services, for the excellent work that they do in protecting our coastline and coastal waters? May I also thank the Minister for reiterating the strategic importance of Holyhead and invite him to visit it, because he did not have a chance to do so during the consultation period? Will he assure the House that there will be constructive dialogue between management and the work force, including the unions, on this modernisation programme, so that they are fully involved and their ideas and local skills are used to make up this resilience that he talks about? Will he also assure the House that people will be told of redundancy and of any displacement that there will throughout the United Kingdom in plenty of time?

Mike Penning: I have been working with the Public and Commercial Services union since day one when I became the Minister. I met its representatives very early on. They have been desperate for this issue to be resolved once and for all. They know the service needs to be modernised and that there had to be closures. They knew that all the way through, and I have discussed that with them fully. They were part of the group that looked at the proposals and the consultation documents that came in. We will work closely with the unions and the non-unionised members of staff, so that we ensure that whatever happens they know. I do not think that there will be any redundancies in Holyhead, but, overall, we will do our level best to make sure that it is natural wastage and that we keep the skills within the service.

Dr Julian Huppert (Cambridge) (LD): I welcome the use of the vacant fire control centre at Fareham. It gives us a chance to recoup some of the half a billion spent on the fire control centres scrapped last year and described by the Public Accounts Committee as flawed from the outset. Will the Minister assure me that the coastguard modernisation process will not suffer the same problems that led to the disaster with the fire control centres? In particular, how will the link between the maritime operations centre and the coastguard stations work in practice?

Mike Penning: Rather than just using the radio, the new centre has unbelievable communication. The state-of-the-art technology has been put into that building at huge cost to the taxpayer, and it is a real shame that I cannot use all the buildings around the country and can only use the one.

Geraint Davies (Swansea West) (Lab/Co-op): The Minister in his statement when considering the pros and cons of Milford Haven and Swansea said that "there are no operational reasons for choosing one of these sites rather than the other", and that the building in Swansea will remain operational. He said that Swansea was switched off in a planned way to enable Milford Haven to take over, but will he accept that on a number of occasions Milford Haven has closed down in an unplanned way, that Swansea is the second busiest coastguard, that the protest involved hundreds of thousands of people compared with a much smaller protest from Milford Haven, and that people locally will rightly see this as a cynical political, rather than operational, move that will affect the risk to Cardiff, Newport, Swansea and Devon?

Mike Penning: I understand the hon. Gentleman's disappointment. I went to Swansea and, after the driver drove through the picket, went back to speak with everyone on the picket line as well as all the staff. I fully admit that there was a planned shutdown during my visit, just as there was a planned shutdown while the refurbishment took place at Swansea, when Milford covered it for weeks and weeks. I am sorry that he was not fully informed about the number of closures that took place in the past. He is absolutely right that sometimes stations go down without warning, which is why we need a national resilience system, which we do not have today. That is the most important thing.

Martin Vickers (Cleethorpes) (Con): The Minister specifically mentioned the importance of the links between the gas and oil sectors in Aberdeen. He will be aware that that is equally important in the Humber, an area where there is likely to be a rapid expansion in the energy sector in coming years. Will he assure me that he is fully satisfied that the expansion will be fully catered for and that it will be kept under regular review?

Mike Penning: My hon. Friend raises an important point. I think that he would accept that there is a structural difference between the oil and gas sector and offshore wind. We are working much more closely with the Department of Energy and Climate Change and the Crown Estate, which owns the seabed, than ever before. Under the previous Administration decisions were made and the Department for Transport was then told much later. We will work together closely and address any risks as needed.

Jim Shannon (Strangford) (DUP): I thank the Minister for his statement and associate myself with the kind comments of the hon. Members for North Down (Lady Hermon) and for Foyle (Mark Durkan). The Minister came over to Northern Ireland, listened and clearly delivered, and we are thankful that the Northern Ireland coastguard will be part of the strategy for the whole of the United Kingdom. He indicated that the Northern Ireland coastguard will be responsible not only for Northern Ireland, but for the Clyde. What staff and resources will be made available to the Northern Ireland coastguard to deliver a full and better service?

Mike Penning: I am sure that the hon. Gentleman will be aware that the Bangor co-ordination centre already covers the Clyde on a regular basis. We will ensure that it is fully staffed, that staff have the right pay and conditions, which we will negotiate with the trade unions and those who are not in the trade unions and—I reiterate—that we have the sort of resilience that the service deserves.

Road Safety (No. 2)

Motion for leave to bring in a Bill (Standing Order No. 23)

4.27 pm

Bob Russell (Colchester) (LD): I beg to move,

That leave be given to bring in a Bill to make provision to reduce the permitted blood alcohol level for drivers from 80 mg per 100 ml of blood to 50 mg; to empower the police to suspend an individual's driving licence pending assessment of his or her suitability to drive; and for connected purposes.

Last Sunday was the world day of remembrance for road traffic victims, which was established in 1993 by the UK-based charity RoadPeace and adopted by the United Nations in 2005 as a response to road crash victims' need for public recognition. My Bill is dedicated to the memory of two teenage girls who lived in my constituency and whose lives were cruelly taken by the selfish attitude of two drivers in separate incidents almost three years apart. Although the circumstances of each death were different, the outcome was the same for both families: the loss of a much-loved daughter who had her life ahead of her and all that that entailed. Indeed, given current average life expectancy, perhaps 65 years of life were stolen from them—65 Christmases and 65 birthdays. Their life expectations, and possibly marriage and children, were destroyed in seconds because of irresponsible drivers.

Only those who have lost a child, particularly in tragic circumstances, can truly appreciate the enormity of such a loss. I therefore empathise with the parents and admire all they are doing in memory of their respective daughters to campaign to make our roads safer so that other families do not suffer the grief that they continue to experience.

The two girls, 14-year-old Jordan Bell and 16-year-old Cassie McCord, lived in the same part of Colchester, little more than a mile apart and with the former ground of Colchester United football club on Layer road midway between their two homes, but to the best of my knowledge they did not know each other. Jordan was a pupil at Alderman Blaxill secondary school and Cassie was a student at Colchester sixth-form college.

Had there been a lower drink-drive limit in March 2008, the driver who killed Jordan might not have ventured on to the road. He was exceeding the 30 mph speed limit when he struck Jordan as she sought to use a central island refuge on Layer road. Tests revealed that he had been drinking, but he was just 2 mg under the drink-drive limit—78 mg to 100 ml of blood—when he was breathalysed some time after the incident. For taking Jordan's life, he was fined for careless driving and speeding. I will return to this incident later to describe the campaigning by her parents, Steve and Michelle Bell, to get the drink-drive limit reduced to 50 mg, in line with most of Europe.

Cassie McCord was killed in February by a driver who should never have been on the road. Police were called to a supermarket petrol forecourt where an elderly motorist had caused concern. He was not on the public highway, but in the grounds of the supermarket. They drove his car home, informed him that they would be reporting him to the Driver and Vehicle Licensing Agency because of their concerns about his ability to drive, and they advised him not to drive again. That was on a

Friday. On the Monday morning, before the DVLA could act and ignoring the police advice, the 87-year-old driver ventured out on to busy roads and into Colchester town centre, where he mounted the pavement and killed Cassie, who was walking with friends to Colchester sixth-form college.

Cassie's mother is now campaigning to give police the powers—subject to safeguards, obviously—to suspend a driver's licence with immediate effect for, say, 72 hours if they have major concerns about the driver's ability to function. That would give the DVLA time to institute the more formal process it currently operates. Such police action would, I suggest, require the approval of an officer of senior rank, such as superintendent or above.

Had such a power existed earlier this year, the police could have suspended the driving licence of the 87-year-old motorist, and that I think would have deterred him from taking his car back on the road where he killed Cassie McCord. There is a sad postscript. The driver has since died, and no charges were ever brought against him.

There appears to be a loophole in the law. Police have the power to impound a vehicle that is in an unsafe condition, and they can arrest someone for being under the influence of drink or drugs, but seemingly they do not have the power to prevent a driver, whom they consider to be unfit on health grounds, from continuing to drive.

The campaigns by the grieving parents, Mr and Mrs Bell and Mrs McCord, have been brilliantly supported by the award-winning local newspaper, the *Essex County Standard*, with the reports of chief reporter, Wendy Brading, showing what a campaigning newspaper can do on behalf of the community that it serves.

The campaign by Mr and Mrs Bell—Mr Bell is a member of Her Majesty's armed forces, serving with 16 Air Assault Brigade based at Colchester garrison—is one that led the parents to have a personal meeting with former road safety Minister Mr Paul Clark. I accompanied them to his office at the Department for Transport's Great Minster house. It was a rather moving occasion, and I cannot thank Mr Clark enough for the way in which matters were handled. His warmth and sincerity meant a lot to my constituents.

We left buoyed by what had transpired, and with a degree of confidence that the drink-drive limit would be reduced. That was certainly our belief, given what occurred at our meeting with the then road safety Minister. Indeed, the North report, published after our meeting with the Minister, recommended a reduction in the drink-drive limit as part of wide-ranging reforms to the driving laws.

It is therefore with considerable annoyance and disbelief that I note how the incoming coalition Government ignored the North report recommendation and decided to leave the drink-drive limit unchanged. My Bill aims to reinstate what the North report recommended. I am pleased to say that in September it was announced that the Parliament in Northern Ireland was looking to lower the drink-drive limit to 50 mg. I suggest that we do the same in the rest of the United Kingdom.

Let me tell the House what Mrs Bell said only last week about the loss of her daughter:

> "Every day is a struggle. It is a constant reminder. You try to stay positive, but you are always thinking of the things Jordan will miss out on. She missed her prom and the chance to go to university and getting married and having a family. That has been taken away from us."

Last week, a tree was planted in Cassie's memory at Colchester sixth-form college where she was studying. Her friends have launched a campaign called "Cassie's Law", backed by the *Essex County Standard*, and a petition form can be obtained by clicking on the link to "Cassie's Law" at essexcountystandard.co.uk.

Mrs McCord said last week:

> "Nearly everyone we have spoken to about the petition has been supportive. If the Police had been able to take the driver's licence away, Cassie would still be here."

Mrs McCord would like doctors to use their discretion to write to the DVLA if they feel that a patient is unfit to drive, and she would also like drivers aged 70 and above to be medically assessed to ensure that their reactions are sufficient to allow them to drive safely.

I never use the term "road accident", because in most instances what occurs is the result of driver failure of some sort. As a member of the Institute of Advanced Motorists, I believe that it would be in everyone's interests if every driver were required to take refresher driving courses every few years, because it is clear that some people think that, having passed the driving test, they are competent to drive for life. We all know that that is not true. There is some appalling driving, of which tailgating, speeding and overtaking in the nearside lane are some of the most worrying examples.

Successive Governments are to be applauded for past actions, which last year saw the smallest number of people killed on our roads since records began 85 years ago. Given that the number of vehicles in the UK is at a record high, that comparison is an even greater achievement than just the bare figures show.

Britain's roads are the safest in Europe. Worryingly, however, the number of deaths on our roads has started to increase in recent months, so the coalition Government should redouble their efforts to reduce them. The aim should be zero deaths—an impossible dream, I recognise—but as every death is an individual tragedy we should strive to avoid every death. Loss of life in a road crash is the only form of involuntary sudden death that is somehow considered as just one of those things. Well, that is not an attitude a responsible Government should take.

We should not be creating situations where it is known that actions will inevitably lead to more crashes, more injuries and more deaths. Although this is not part of my Bill, I suggest to Transport Ministers that if they raise the speed limit on the motorways, allow moving traffic on to motorway hard shoulders and reduce the frequency of MOT vehicle inspections, they do so in the full knowledge that they will be responsible for more crashes, more injuries, and more deaths. I would not want that on my conscience.

I have, through a written parliamentary question, invited the new Secretary of State for Transport, who I am pleased is in her place, to visit a hospital accident and emergency department to discuss with the medical team there the consequences of dealing with people injured on our roads. I did that in the wake of suggestions to raise the motorway speed limit to 80 mph.

Road safety has interested me for nearly 50 years. As a trainee reporter, I used to cover inquests at a time when road deaths were more common than they are today. I simply could not accept that they were accidents—all could and should have been avoided. For many

[Bob Russell]

years, I was chairman of the all-party parliamentary group on road safety. On 19 December 2000, I had an Adjournment debate entitled "Road Crashes", reported in *Hansard* from column 333. I am proud to say that when I was a borough councillor in Colchester, I pioneered the first traffic-calming scheme in the town and the first 20 mph speed limit in Essex. All people who hold elected office have a duty to make our roads safer.

I return to the substance of my Bill. I would like to quote what Mrs Wendy Brading, who is trusted by both families, of the *Essex County Standard* told me yesterday:

"The point both mothers make is that the drivers in each case had made a selfish choice. One chose to drive while 2 mgs under the drink-drive limit, the other despite advice from the Police. Both acted selfishly and two girls died as a result. This is what they cannot forgive and what has spurred them on, to ensure other families do not go through what they have due to someone's selfishness."

In conclusion, my Bill calls for the lowering of the drink-drive limit and for the introduction of measures for the immediate suspension of the licences of those it is clear have health issues. Such measures will assist in saving the lives of innocent people, such as Jordan Bell and Cassie McCord, who were two lovely teenagers cruelly robbed of their lives.

Question put and agreed to.

Ordered,

That Bob Russell, Mr David Amess, Mr Mike Hancock, Kelvin Hopkins, Dr Julian Huppert, Andrew Miller, Lisa Nandy, Jim Shannon and Andrew Stephenson present the Bill,

Bob Russell accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 30 March 2012, and to be printed (Bill 251).

Opposition Day

[12TH ALLOTTED DAY – SECOND PART (HALF DAY)]

Pensioners and Winter Fuel Payments

4.38 pm

Mr Nigel Dodds (Belfast North) (DUP): I beg to move,

That this House is concerned about pressures on pensioner households this winter with high and rising fuel prices; notes that the Winter Fuel Payment will be £50 lower in the winter of 2011-12 than in each of the last three years for a pensioner aged 60 or over and £100 lower for those pensioners aged 80 or over; and calls on the Government to review the impact of its decisions on Winter Fuel Payments and VAT, and to announce in the Chancellor's Autumn Statement urgent steps to ease the burden on pensioner households.

It is a pleasure to move the motion standing in my name and the names of my right hon. and hon. colleagues. This motion is about a life and death issue. Fuel poverty and the effects of cold winter weather on the elderly are a lethal combination. Only today, the Office for National Statistics has published figures for cold-related deaths for England and Wales. That report shows that in 2010-11 there were some 25,700 excess winter deaths among old people in England and Wales, which is roughly the same number as last year. However, last year's figure represented a big increase on the previous year. More people are dying as a result of living in a cold house in the United Kingdom than are dying in road traffic accidents each year.

The figure for excess winter deaths is defined by the Office for National Statistics as the difference between the number of deaths during the four winter months and the average number of deaths during the preceding autumn and the following summer. In the Conservative party manifesto for the 2010 election, these figures were described as "a national disgrace", and that is absolutely the correct description. This is nothing short of a national catastrophe that affects every region of the United Kingdom. The motion before the House therefore calls for the Chancellor to take

"urgent steps to ease the burden on pensioner households"

right across the United Kingdom.

I want to refer particularly to the situation in our own area of Northern Ireland as an example of the dire circumstances facing many of our senior citizens living in cold houses.

Mr Denis MacShane (Rotherham) (Lab): I shall certainly support the right hon. Gentleman in the Lobby tonight. Surely, however, the problem is poor pensioner households. The difficulty with the winter fuel allowance is that everybody over 60 or 65 gets it, irrespective of their means, and as a result it has become a generalised payment that helps the rich but does not give enough to the poor.

Mr Dodds: I understand that argument entirely. Indeed, the Select Committee on Energy and Climate Change pointed to it in its report back in 2010, and I will come on to deal with the targeting of resources and tackling fuel poverty. As for cold weather payments, there is clear evidence that many pensioners do not claim all the

benefits to which they are entitled. The benefit of having a universal system is that it reaches all those who need it. I will deal with the issue that the right hon. Gentleman has highlighted in more detail later.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): In some of the trials aimed at trying to reduce fuel poverty in other parts of the United Kingdom, there has been a conscious drive to improve benefit take-up, and that has made a huge difference to people's income, far more than the winter fuel payment would make.

Mr Dodds: It is a combination of all these factors. The winter fuel payment does play an important role, as the Government and the Minister have acknowledged. The Government made it very clear in the coalition agreement that they would maintain the payment. The hon. Gentleman is right to say that benefit take-up is extremely important, and we should all be doing more to encourage it. Back in Northern Ireland, the Executive have also taken steps to try to encourage benefit take-up. The winter fuel payment plays an important role in tackling this issue.

Tessa Munt (Wells) (LD): Does the right hon. Gentleman support the scheme that was proposed initially by Somerset Community Foundation whereby the winter fuel payment, because it is a universal allowance, could be distributed through community foundations, with the assistance of the Department for Work and Pensions, so that people who are less fortunate and less able to heat their homes could take some or all of the winter fuel payment that is given by those who are a little wealthier ?

Mr Dodds: There has been a debate on that very issue over the past few days. I commend those who decide that because they do not need the winter fuel payment themselves, they wish to distribute it to those more in need. I welcome the initiative that the hon. Lady mentions.

Mr Mike Weir (Angus) (SNP) *rose—*

Mr Dodds: Let me press ahead and make a little progress, and I will take more interventions in a short while.

I want to refer to the situation in Northern Ireland. Last winter, we had the coldest December in 100 years. In 2009-10, there were almost 1,000 excess winter deaths, 80% of which were of people aged 65 or over. On average, we get 910 such deaths per year, and that figure compares with 590 in 2001-02, so there has been a massive increase over that period. We have to understand that in addition to the stark figures on mortalities, for every death from cold there are eight hospital admissions and more than 100 visits to general practitioners and health centres. This is suffering on a vast scale.

The recent interim report from the Government's independent review of fuel poverty, conducted by John Hills, states:

"Living in cold homes has a series of effects on illness and mental health."

I will not go into all the repercussions of cold weather and of living in cold and damp housing on people's mental and physical health. The interim report outlines those very clearly.

The winter fuel payment was introduced in January 1998 as a tax-free annual payment. Its purpose was and is to alleviate fuel poverty by giving specific help to encourage older people to spend more on heating during the winter. What is happening this year? For the past three years, the winter fuel payment has been £250 for those aged 60 and over, and £400 for those aged 80 and over. Despite spiralling fuel prices—we had a debate only a couple of weeks ago in this House on the crisis in the energy sector—and despite the extremely cold recent winters and the forecasts of a very cold winter to come, in 2011-12 the payment for pensioners aged 60 and over has been reduced by 20% to £200, and the payment for those aged 80 and over has been cut by a quarter to £300. That does not affect just a small group of people; it affects more than 9 million households and about 13 million people throughout the United Kingdom. Some 12.7 million of those people are in Great Britain and some 317,000 are in Northern Ireland.

As a result of the changes, the expenditure on winter fuel payments will fall from approximately £2.75 billion in 2010-11 to some £2.136 billion in 2011-12. That is a substantial monetary saving for the Treasury, but at what cost? That is the question that many people are asking. People in charities or third sector organisations who deal with older people's issues are making it clear that they fear that this cut, which directly hits the pockets and incomes of pensioner households throughout the United Kingdom, will result in more illness, more disease and more deaths.

Sarah Newton (Truro and Falmouth) (Con): The right hon. Gentleman is making a very moving case. I am sure that there is not anybody in this Parliament who is not concerned about excess winter deaths and this nation's terrible legacy of not tackling fuel poverty among the poorest and most vulnerable. In his analysis for this debate, has he looked at the wide range of other measures that the Government have put in place to tackle the issue this winter and to make more lasting, wholesale changes in winters to come?

Mr Dodds: Interventions have an uncanny knack of happening at the precise moment when one is coming on to deal with the very issue that they raise. I will deal with the issue that the hon. Lady has raised. Of course there are other measures aimed at dealing with fuel poverty and coldness-related illness among elderly people. There are the cold weather payments, to which I referred, which some may argue are more specifically targeted. I will come on to that in a moment.

There is also the warm home discount. Recently, the Northern Ireland Assembly unanimously passed an appeal to the Government to think again on this issue, and when the Minister replied he referred to, among other things, the warm home discount scheme. However, the scheme applies only in Great Britain, because the legislation did not apply to Northern Ireland. Half a million pensioners benefit from that scheme in Great Britain, but pensioners in Northern Ireland do not. I am sure that the Minister will address that point.

There are also other measures. On the practical health side, there is the flu vaccination scheme. Northern Ireland has its own warm homes scheme, which I am glad to say was introduced under devolution by a Democratic Unionist party Minister. It has helped 80,000 households and has

[Mr Dodds]

received widespread support in Northern Ireland. Northern Ireland also has a boiler replacement scheme and the social protection fund, which the Executive have brought forward. I understand that discussions are under way to address the specific issue of fuel poverty and the elderly in Northern Ireland. So yes, there are a range of measures, and we need to keep investing in such things as energy efficiency and home insulation to prevent fuel poverty in the long term.

Nicola Blackwood (Oxford West and Abingdon) (Con): Will the right hon. Gentleman give way?

Mr Dodds: In a moment.

However, I say to the hon. Member for Truro and Falmouth (Sarah Newton) and the House that those other measures do not mean that we can cut the winter fuel payment to such a massive extent. It goes directly to our senior citizens and is an important tool. It is not the only tool—it goes only to senior citizens but, as I have said, they are disproportionately affected—but it is an invaluable tool in helping to tackle fuel poverty among the elderly.

George Hollingbery (Meon Valley) (Con): Looking at the standard Library note on the issue, I am interested to see that the standard payment for the winter fuel allowance has been £200 and £300 since 2003, supplemented by one-off extra payments in the past three years, so the standard rate has remained the same. The right hon. Gentleman may also have noticed that in 2006-07 and 2007-08, that one-off payment was withdrawn and the amount paid was the standard payment of £200 and £300. Does he have any data about the increase in deaths in that period and whether there was a real effect of that money being withdrawn?

Mr Dodds: I understand the hon. Gentleman's point about the standard rate, and of course when the Chancellor made his announcement about the winter fuel allowance earlier this year he did not dwell on it in any great detail. In fact, he passed over the issue almost completely, and we found out about it only in the small print. I understand the hon. Gentleman's argument, but it beggars belief that whereas it was thought okay to have the increase in each of the last three years, the Chancellor and the Government have chosen this year to cut the extra payments for our senior citizens, despite the anxiety that was expressed throughout the House just a few weeks ago about extremely high and rising energy prices across the country.

When I raised the matter with the Prime Minister on 2 November, he said:

"we have kept the plans that were set out by the previous Government and I think that is the right thing to do."—[*Official Report*, 2 November 2011; Vol. 534, c. 918.]

I have listened to the Prime Minister and Ministers speak many times about their spending plans and what the previous Government did, but I do not think I have often heard them say that. On virtually every occasion they have said that the previous Government's plans were leading to economic disaster, yet on this issue, and only on this issue, they pray in aid the fact that the previous Government were, they say, going to cut the allowance, and that it is therefore the right thing to do. Frankly, that is not good enough. I leave it to the Opposition to outline what their position was.

The Government have decided to maintain health spending at a certain level, saying that it needs to be ring-fenced. They have said that international aid spending needs to be protected, and that we needed to spend money to intervene in Libya. I have no difficulty with any of those things—I support them—but now the Government say that it is right to cut payments to our senior citizens, at a time when they are suffering from extreme cold and high and rising energy prices, because that was what the previous Government had planned. That is a shabby argument, and not one that bears any kind of scrutiny. The Government should stand on their own two feet, argue their case for themselves and justify it to the House and the country.

I want to pay tribute to groups such as Age NI for their work in Northern Ireland, and to Age Sector Platform, which has been very busy in recent months running a significant campaign called Fight the Winter Fuel Cut. Recently, a group from Northern Ireland led by Margaret Galloway, Michael Monaghan and Nixon Armstrong travelled to Westminster and presented the Minister of State, the hon. Member for Thornbury and Yate (Steve Webb), with a petition. Hundreds of people are signing that petition every day.

Lady Hermon (North Down) (Ind): Before the right hon. Gentleman leaves the subject of Northern Ireland, will he reflect on the fact that, for the first time, a commissioner for older people—and a very good one in Claire Keatinge, who was formerly the director of the Alzheimer's Society—has been appointed? Does he see a role for the commissioner on the issue of winter fuel payments? How could she influence the Government to do the right thing? We hear a lot of criticism of human rights in the House, but there is a guarantee that no one in the UK should experience degrading treatment. For older people, the Government's policy seems like degrading treatment. Does the right hon. Gentleman agree?

Mr Dodds: I certainly do agree with the hon. Lady, who rightly points to the important step taken by the Northern Ireland Assembly and Executive of appointing a commissioner for older people, which follows the appointment in Wales of someone who fulfils the same kind of role. I have no doubt that the commissioner, who I agree is an excellent appointment, will be active in putting to Northern Ireland Executive Ministers the case for our older people. As I outlined earlier, a number of things are currently being undertaken by the Executive, and they are considering others, to help our older people. However, what the hon. Lady says on winter fuel payments, which affects the entire country, and which is for decision and debate in this House, should carry some considerable weight.

On whether the allowance is poorly targeted and whether it is the appropriate way in which to deal with fuel poverty—the right hon. Member for Rotherham (Mr MacShane) mentioned this—the argument against the universal payment principle overlooks the fact that many of those entitled to, for instance, pension credit, do not receive it, for a variety of reasons. In Northern Ireland, somewhere in the region of £60 million is not claimed by those who are entitled to pension credit.

Those people are hit with a double whammy: they do not get pension credit or cold weather payments, because the latter go only to those who claim the former. The only way to ensure that the most vulnerable people get financial help is to keep the universal payment. I believe that there is no dispute between the Government and those who agree with me, because the Conservative party pledged in its manifesto that the allowance would be kept.

Mr Michael McCann (East Kilbride, Strathaven and Lesmahagow) (Lab): The right hon. Gentleman makes a potent argument, but does he share my concern that cold weather payments are triggered by monitoring equipment in only certain parts of the country? My area shares the same climate characteristics as his, and my constituents regularly lose out, which is why the universality of the wider payment is a much better system.

Mr Dodds: The hon. Gentleman rightly points to one of the major deficiencies of cold weather payments, which has also been raised by DUP Members.

Mr David Hamilton (Midlothian) (Lab): Another point is that, currently, cold weather payments are not taxed—they go directly to the person and the payments cover everyone. If the money is put through in different ways, it could be taxed and off-takes would come into operation. That would affect not just those 13 million people, because the families of many old-age pensioners supplement their parents' incomes to make sure they are okay.

Mr Dodds: The hon. Gentleman makes a valid point.

The Institute for Fiscal Studies has said that people are 14 times more likely to spend the winter fuel allowance on fuel than they would be if their incomes were increased in other ways. If an allowance is given specifically to spend on fuel, people are more likely to spend it on fuel; they would be less likely spend an allowance on fuel if it was not designated as a fuel poverty measure. There are strong arguments—for reasons that hon. Members and I have outlined—for retaining the universal payment of a winter fuel payment at current levels, and for indexing payments to the rising cost of energy. Some have argued that at a time of pressing demands on the Treasury and given the state of the economy, that would be a luxury we can ill afford. As I have indicated, money has been found for the priorities that the Government have deemed essential: the protection of international aid budgets, taking a penny off fuel duty, ring-fencing NHS budgets and so on. It is vital, however, that we also prioritise saving the lives of our senior citizens in times of very cold weather.

The chief medical officer has said that the annual cost to the NHS of treating winter-related diseases resulting from cold private housing is estimated at about £860 million, but that does not include additional spending by social services, economic loss through days off sick, and so on, which means that the total cost to the NHS and the country as a whole is unknown. However, we do know that every £1 invested in keeping homes warm saves the NHS 42p in health costs, so again this money would be well spent, and it could save the NHS more money in the long term.

Levels of fuel poverty in this country are staggering: in England, 18% of households are in fuel poverty; in Wales, it is 26%; in Scotland, it is 33%; and in Northern Ireland, it is 44%. It is right across the board. That equates to 302,000 households in Northern Ireland alone, 75,000 of which are in extreme fuel poverty, which means that they spend 20% or more of their income on fuel. Furthermore, almost half of all fuel-poor households in the country are headed by over-65s, so clearly fuel poverty disproportionately affects the elderly to a staggering degree.

Yet the situation will only get worse. I have highlighted the rising cost of fuel. In the past five years to October 2011, the retail price of gas in the UK rose by 52%, and the price of oil rose by 86%. In Northern Ireland, the situation is much worse. The price of home heating oil, which is a product that we depend on, has risen by 63% in the past two years and by 150% since 2003. Almost 70% of homes in Northern Ireland depend on it for their primary source of heating—that figure is 82% in rural areas—yet the price of oil has risen beyond anyone's imagination.

Mr Weir: The situation is similar in rural Scotland. I have previously suggested—I wonder whether the right hon. Gentleman agrees with this proposal—that the Government make the fuel allowance available earlier in the year to those who rely on home heating oil, when price and demand are lower, allowing them to fill up before the winter hits and the price tends to rocket.

Mr Dodds: Yes, the hon. Gentleman raises an important point about those who depend on home heating oil. These are one-off payments of about £600 for 900 litres of oil—it is a lump-sum payment—so it would be extremely helpful to people to have that money in their hands when they were able to buy more oil at a lower price. He makes an extremely good point.

The picture is stark: we have much higher energy costs; there are considerable pressures on pensioner household incomes owing to lower savings returns; and increases in VAT are hitting everybody hard, but hitting pensioners particularly hard. Furthermore, pensioners tend to be on fixed-retirement incomes, and we know that, according to a recent report, the cost of living has risen by one fifth for older people over the past four years, compared with 14% for the population as a whole.

At the last election, the parties made a number of pledges. On pensioners, the Conservative party described the number of excess winter deaths as a national disgrace, and it said:

> "we want to set the record straight. Labour are sending cynical and deceptive leaflets to pensioners' homes saying we would cut their benefits. This is an outright lie, and here it is in black and white: we will protect pensioners' benefits and concessions, and this includes: the Pension Credit; the Winter Fuel Allowance; free bus passes; and, free TV licences."

I defy anybody out there in the public to interpret that statement as anything other than a pledge not only to maintain the existence of the winter fuel allowance, so that it continued to be paid as a benefit, but to maintain it at the same rate at which people were receiving it when the election was called. What other interpretation can we put on those words?

[Mr Dodds]

The Liberal Democrats said in their manifesto before the last election that they would reform winter fuel payments, extending them to all severely disabled people, and that this would be paid for by delaying age-related winter fuel payments until people reached 65. However, the Minister, who is in his place, said earlier this month:

"There are no plans to extend provision under the winter fuel payment scheme."—[*Official Report*, 3 November 2011; Vol. 534, c. 719W.]

The coalition programme for government stated:

"We will protect key benefits for older people such as the winter fuel allowance,"

and so on. Then there is the argument about the Labour party's position and what Labour was proposing—or not proposing—to do had it remained in office.

I point to those pledges for this reason. People say today that politicians, Parliament and this House are disconnected from ordinary people. People are losing faith in politics; and is it any wonder, when they read those clear statements and are led to believe one thing, but then, as soon as the election takes place and the same politicians come to office, they turn round and do something entirely different? Their argument in doing so is: "Well, we're only doing what the previous Government said they would do." When people can so cynically disregard the pledges that they make on such an important issue, that is another reason for the disconnect between politicians and the public out there.

Sir Robert Smith: I understand the right hon. Gentleman's argument, but does he think that one reason for the disconnect is perhaps also the previous Government's mistaken decision to raise the rate to a level that they did not think they could afford to maintain in the long term? That was where the disconnect started.

Mr Dodds: I have not heard it said that the level of the payments made over the last three years was unsustainable. I have never heard anybody make that argument.

Let us be fair: the Government have made choices. They have decided, because of the economic situation and the deficit, to cut expenditure in certain areas. In other areas, they have decided to maintain or increase spending. That is the choice of the Government and the majority of the Members of this House; but do not let anyone pretend that the Government had no choice about winter fuel payments or that they had to do what they did. They did not have to do it: they chose to pick this area for cuts and not others. That is a reprehensible choice—a choice that is not justified either economically or morally. At a time of so many excess winter deaths among our older population, it is appalling that cuts should be aimed at that sector of our population.

George Hollingbery: Will the right hon. Gentleman give way?

Mr Dodds: I am pressing to a conclusion now. I am sure that the hon. Gentleman will want to catch Mr Speaker's eye in order to speak, as other Members will want to.

The winter fuel payment should be restored to the amount that was paid over the past three years. Indeed, I would go further and say that future payments should be indexed to reflect rising energy prices. After all, when the winter fuel payment was initially introduced, it paid over half the cost of an older person's fuel bill, whereas the current level is nowhere near high enough to meet those bills. Our attitude to this issue goes a long way towards illustrating our attitude to the treatment of our older people throughout the country. I hope that the whole House will join me and my right hon. and hon. Friends in supporting the motion this evening, and I commend it to the House.

5.9 pm

The Minister of State, Department for Work and Pensions (Steve Webb): May I first thank the Democratic Unionists for bringing this subject for debate before the House? It is an important and significant issue. As we have heard from the contribution of the right hon. Member for Belfast North (Mr Dodds), particular aspects of the issue have particular resonance in Northern Ireland. I shall make some reference to the specific circumstances of Northern Ireland, but it is worth setting the UK-wide context for the decisions taken about the level of the winter fuel payment and the cold weather payment. The right hon. Gentleman is correct that the Government had choices to make, and they made a choice about the cold weather payment, but I do not know whether he is aware that that choice was a significant one—one that I believe has proved to be correct.

The backdrop was as my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) described it a few moments ago. Initially, the winter fuel payment was only for people on means-tested benefits, or a higher rate went to those eligible for means-tested benefits, but eventually, some years ago, it got up to its full universal rate of £200 and it stayed at that level year after year; it was not indexed. Then we reached two years before a general election when the public finances were looking good and the then Chancellor decided to make a one-off increase to £250 and £400. As I say, when it was announced, it was announced as a one-off. Then we reached the year before the general election and the Government of the day thought that cutting the winter fuel payment would look bad so near to the election, so they announced a further one-off increase to £250 and £400. They stressed again that it was a one-off.

Then we reach the March Budget of 2010, and it became apparent in March that the Government would have to announce the rate for winter 2010. Funnily enough, six weeks before a general election did not seem like the right time to reverse a one-off increase, so a further one-off increase was announced again for the winter of 2010. We know it was a one-off increase because the public spending plans of the previous Government were published into the new Parliament. We thus know that the plans we inherited were to cut the winter fuel payment back to its core level of £200 for the winter we are now going into and for succeeding winters. That was the baseline against which we made our decisions.

Mr Gregory Campbell (East Londonderry) (DUP): The Minister is outlining what happened under the previous Government and stressing that the single or "one-off" payment as he has described it on several

occasions was maintained just before an election. Given that my right hon. Friend the Member for Belfast North (Mr Dodds) alluded to the Government's statement that they would keep faith with the previous Government and in conjunction with what the Minister has just said, does it mean that in three years' time he will reinstate the cold weather payment?

Steve Webb: Well, obviously, cynicism would be well beyond this Government. The rates of public spending are published through a comprehensive spending review period and for the rest of this period the figure we inherited was £200. That, as I say, was our baseline.

Another strange thing that went on was to do with the cold weather payment. That is the money paid when it is freezing cold to the poorest and most vulnerable people—the poorest pensioners and the poorest disabled people. Temporarily, pre-election, that was increased from the regular £8.50 to £25 a week. Temporarily, too, for the year after the election, as announced before the election, it was to be maintained at £25 a week. You will not be surprised to learn, Mr Speaker, that beyond that, it was planned to be slashed back to the £8.50 a week level. In other words, had we done nothing and taken no action, the winter fuel payment would have reverted to its £200 level and the cold weather payment paid to the most vulnerable when it is most cold would have reverted to £8.50 a week.

Let me remind Members that that was the baseline from which we were trying to find something in the order of £70 billion to £80 billion-worth of savings, so the question was not whether we should cut the winter fuel payment or the cold weather payment, but whether we could find the money to reverse the planned cuts, and thus have to find still further cuts from across the budget.

I agree with the right hon. Member for Belfast North on one point—that Governments have to make choices about priorities. He listed some of the priorities of this Government: ring-fencing the NHS, for example, about which I suspect the pensioners of Northern Ireland will be glad. He also mentioned the penny on petrol duty. I was not aware that it was his policy that we should not have reversed that, but I am happy to be corrected.

Mr Dodds: I am sure that the Minister was listening when I said that I supported those priorities. My point was that the Government had decided to increase or maintain spending in certain areas but to target cuts on other areas, and I wanted to know why they had targeted our senior citizens.

Steve Webb: I am grateful to the right hon. Gentleman for confirming that the measures that he listed were measures that he supports. I had assumed that, having begun by telling the House that we should spend an extra £600 million on something, he would in the course of his speech identify something on which we should spend £600 million less. Given that he spoke for 30-odd minutes, I may have missed it.

Mr Dodds: I could have taken much more time—indeed, I had a page devoted to areas that we could cut—but I considered it to be in the interests of the debate to leave time for others to speak. I am sure that my colleagues will make similar points, but may I begin by suggesting that the Minister reverse his attachment to Europe and save the £400 million that is going to the External Action Service, along with all the other money that is being wasted? And what about the £80 million that he wasted on the alternative vote referendum, which could have gone towards helping older people rather than being wasted on a trivial political exercise?

Steve Webb: It is intriguing that, in presenting a 30-minute explanation of why we should spend a further £600 million, the right hon. Gentleman should remove the bit about where the money should come from, which seems to me to be fairly central to the debate.

Faced with that baseline of a proposed reversion to a £200 winter fuel payment and an £8.50 cold weather payment, we could simply have gone ahead with the previous plans, and found our £70 billion to £80 billion on top of that. However, we took the view—as does the right hon. Gentleman—that fuel poverty matters, and we therefore found the money that would enable us to reverse the planned cut in the cold weather payment. I believe that ours was the right priority. If we are concerned about the most vulnerable when it is most cold in the coldest of winters, we should bear in mind that an increase from £8.50 to £25 gives people the confidence to turn up their heating when it is bitterly cold. The system even allows cold weather payments to be triggered by a forecast. It need not actually have been freezing cold; we merely have to expect it to be freezing cold.

Last winter in Northern Ireland, we made 672,000 cold weather payments at a cost of £16.8 million. Had we not reversed the earlier decision, the value of those payments would have fallen by about two thirds. Our decision put about £10 million into the hands of the poorest pensioners and disabled people in Northern Ireland during a bitterly cold winter, and I am proud that we made it.

Mr McCann: Many constituents throughout the country, including mine, will not be able to gain access to cold weather payments because the necessary monitoring equipment is not there.

Steve Webb: I am grateful to the hon. Gentleman for raising that point. A number of Members in all parts of the House contact me about cold weather payments for which I am responsible. My hon. Friend the Member for Argyll and Bute (Mr Reid), for example, wrote to me saying that he did not think that the cold weather stations in his constituency matched the actual pattern of cold weather.

I have been very impressed by the work of my officials, who take seriously every representation received about cold weather stations. We change them every year in response to such representations. There will be stations in the hon. Gentleman's constituency, but if he thinks that they are in the wrong place or measuring the wrong data, I can tell him that we work very closely with the Met Office, and respond thoroughly and carefully to all submissions. As far as I am aware, I have not received a submission from the hon. Gentleman, but I apologise if he has already contacted me. If he has not, I encourage him to do so.

Mr McCann: The issue has been raised both by me and by my predecessor. My nearest cold weather station is Bishopton. As anyone from Scotland will know, East

[Mr McCann]

Kilbride is one of the coldest places in the country during the winter. However, there is no monitoring equipment, although South Lanarkshire council has monitoring equipment in the constituency to ensure that gritting takes place. I should be grateful if the matter could be looked into.

Steve Webb: I am happy to do that. It would be helpful if the hon. Gentleman would be kind enough to give me as much detail as possible in writing. In general, as I have said, I have been impressed by how responsive the system is.

Sir Robert Smith *rose—*

Steve Webb: I will give way in a moment. There is a recognition that, wherever we put the cold weather stations to try to capture some of the variation in climate, such as the seven stations that serve Northern Ireland—

Mr Gregory Campbell *rose—*

Steve Webb: I will give way to my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) first and then to the hon. Gentleman. No matter where we put the cold weather stations, somebody, somewhere says, "Hang on a minute, it is in the wrong side of the postcode" and so on. We keep these things under constant review because we want the system to work.

Sir Robert Smith: I wish to reinforce the point that the Minister has made. A submission was made that there should be a measuring station at Aboyne in my constituency and the Minister decided that there will be, which means that people living in the colder inland part of the constituency no longer have to rely on measurements taken in a coastal community.

Steve Webb: Indeed. I feel that I am acquiring an encyclopaedic knowledge of the remoter parts of Scotland through this role, but I am grateful to my hon. Friend for reminding the House that we listen to representations that are made and take them seriously.

Mr Gregory Campbell: Just two weeks ago, the Northern Ireland Assembly was informed of a change in my constituency, whereby the existing station in Ballykelly, which is a few miles inland, is to be replaced by a new station in Magilligan, which is right on the coast. The Minister will be aware that it is inevitable that coastal stations will be a degree or two warmer than those inland, so 3,500 people might or might not get a cold weather payment on the basis of a reading from a slightly warmer cold weather station.

Steve Webb: As I said a moment ago, we work closely with the Met Office on these matters. I do not claim expertise on meteorological matters, but the Met Office does. Where changes are made to metering stations it is always with a view to being more accurate, rather than less. There is certainly no attempt made to move them to where the sun shines. We will examine that issue this winter. If the hon. Gentleman's impression from this winter is that that change is causing problems, I will be happy to hear from him.

Mark Durkan (Foyle) (SDLP): The Minister told us that by maintaining the cold weather payment of the previous year this Government had given an additional £10 million to pensioners in Northern Ireland. Will he tell us how much money he is denying to pensioners in Northern Ireland by refusing to maintain the level of the winter fuel allowance? Has he done the same calculation?

Steve Webb: What we have doné is preserve the amount that was scheduled to be spent in Northern Ireland exactly as planned. Clearly, £50 a head in Northern Ireland is probably slightly more than the figure for the cold weather payment. I did some mental arithmetic while the right hon. Member for Belfast North was speaking and I suspect that that figure is slightly larger. The key choice was between doing nothing—taking our baseline and taking £70 billion or £80 billion out—and trying to reverse at least one of the cuts. I think that the right thing to do was address the cold weather payment.

Let me give a slightly cheeky example of why that was our priority. I checked the dates of birth of the hon. Members from Northern Ireland and found that at least one of them would, in principle, qualify for a winter fuel payment—I am not going to name names. [Hon. Members: "Go on."] I am not even going to look in the direction of the person I am talking about.

Dr William McCrea (South Antrim) (DUP): I hoped to catch your eye, Mr Speaker, and at the commencement of my speech I was going to make it very clear that I qualify for the winter fuel payment. When I have received it, I have always given it to a disabled family who do not get that allowance. I am happy even to give the names of the people who receive it.

Steve Webb: That is entirely the response that I expected. The point is that not everyone would perhaps respond in quite that way. Given the choice between spending the money on at least some folk gracious and generous enough to give it away, or on people who self-evidently desperately need it because they are on a low income or are disabled and it is freezing cold, the priority at a time when money is tight is obvious. This is one decision that I would defend.

Mr Weir: Will the Minister address the point? Whether he is saving money on one or the other, he has just admitted that the figure spent in Northern Ireland is lower than it would have been overall. However, the cost of energy has rocketed in the past year or two, so every pensioner in Northern Ireland or in any other place in the United Kingdom is paying more for their energy and is suffering through this system. Would it not be better to put some money in to ease that suffering?

Steve Webb: Absolutely, and I shall come on to the whole subject of the fuel poverty strategy that we have adopted. I suspect, as my hon. Friend the Member for Meon Valley (George Hollingbery) suggested in an intervention, that the correlation between the rate of the winter fuel payment and the depth and impact of fuel poverty is incredibly weak, if it is there at all. In other words, we have seen the winter fuel payment go up and go down, yet if that was plotted against the terrible problem of excess winter deaths or fuel poverty, I suspect there would be no correlation at all. When money is tight, we should be prioritising how we spend it so that it will do the most good.

As the hon. Member for Angus (Mr Weir) rightly says, fuel bills have shot up. Surely the priority should be stopping people paying a fortune for their fuel when half the heat goes out through poorly insulted walls, windows and lofts. Every year, it is tempting to say that this winter we should put cash into people's hands because it is cold. Of course that is true, but if we always put off the hard work of insulation, energy efficiency and so on, the situation will be the same the next winter and the one after that. Money spent on energy efficiency will save pensioners and others money every winter, rather than our giving them cash one year, only for the heat to go out through poorly insulated roofs and windows.

Mr Jim Cunningham (Coventry South) (Lab): The Minister has outlined one facet of the problem, but one of the major facets has not been touched on today, although it has been mentioned in Adjournment debates in Westminster Hall. We really need to look at the cartels among the oil companies and to ask what discussions the Government have had with the oil companies. Equally, the increase in VAT is having an impact.

Steve Webb: Obviously, the VAT increase does not affect fuel prices directly as they are on a reduced rate, but the hon. Gentleman is right that competition in the energy sector is a key concern of the Government, whether that is in gas, electricity or oil. Our colleagues at the Department of Energy and Climate Change are in regular and close contact with the competition authorities, but one thing the Government are doing is ensuring that people are aware of their ability to switch and get much better tariffs—that is particularly the case with electricity and gas. Clearly, we can do things for the long term, such as sort out the housing stock, but we can also do things for the short term, such as ensure that people get the best price available. There is huge potential to do a lot more that does not necessarily involve hundreds of millions of pounds of Government spending but would benefit people substantially.

Sarah Newton: Does my hon. Friend agree that the recently commissioned and reported Office of Fair Trading document that specifically, at the Minister's request, investigated off-grid energy competition was able to recommend a series of actions to improve the market for heating oil this winter, avoiding the terrible problems we experienced last winter? The OFT has now gone on to look at liquefied petroleum gas. The Ministers in DECC are doing everything they can to ensure that the off-grid energy markets are fully functioning.

Steve Webb: My hon. Friend is quite right. In Northern Ireland, dependence on heating oil is substantially greater than it is on the mainland and even in a semi-rural constituency such as my own, oil prices, oil supply and so on are big issues. I am grateful for her kind words about our ministerial colleagues as these are important matters.

Let me go back to the issue of fuel poverty. Clearly, it has a number of components and one is income. We focused on a change from last year's rate to this year's of less than £1 a week in the winter fuel payment and that is what we are talking about today. Instead, we have taken the basic state pension, which for 30 years has been declining relative to wages, and put a triple lock on it so that every year from now on, pensioners in Great Britain and Northern Ireland will see their pensions rise by the highest number of inflation measured by the consumer prices index, earnings and 2.5%. We are in a strange period in which inflation is greater than earnings, but in most years, earnings have grown faster. That will mean that as we return to more normal times, pensioners will enjoy above inflation standard of living increases year after year.

The cost of that commitment—I hope that the Chancellor is not listening at this point—will add a total of £45 billion to the amount we spend on pensions by the mid-2020s, which gives a sense of the magnitude of what we have announced. That is rather invisible at the moment, because prices are higher than earnings. When I signed the legislation into law last year, I expected bells to peal and for there to be confetti on the floor and so on. That has not quite happened yet, because people have not seen the impact. In the longer term, it will give a sustained boost to the real incomes of pensioners in Northern Ireland and Great Britain.

Mr Dodds: The Minister raises the issue of the triple lock. Previously, in the autumn statement the Chancellor has always announced the increase in line with the September rate of inflation, which would mean a 5.2% increase. Does the Minister expect the Chancellor to do the same this year, and would he rebuke the Chancellor if he were to take an annual inflation figure? Given what he has said, I take it that he is very much in favour of the former.

Steve Webb: The Chancellor was asked this very question at Treasury questions recently, and he confirmed, as is entirely in line with my view, that the triple lock is something of which we are proud. I am sure that we will be just as proud next Tuesday when he announces his verdict.

This is not just about the basic state pension: it is also about pension credit. As has rightly been pointed out, we need to make sure that pension credit take-up is maximised and we already do many things in that regard. Some people may not know that they can ring an 0800 number—a freephone number—to claim pension credit. They might think there is a long and complicated form to fill out, but in fact they can claim it over the phone and can also claim housing benefit and council tax benefit at the same time. We also undertake a lot of activity to engage with people who might be eligible. For example, we mention pension credit to people when they claim the state pension or when they report a change in their circumstances such as a bereavement. We also have a visiting service so that if people are not online or perhaps are not able to get out, DWP and local authority staff go out to their home and fill in forms with them in their front room.

As a Department, we are doing quite a lot to encourage take-up, but I am aware that the Democratic Unionist party manifesto mentioned trying to pay pension credit automatically. We have been piloting that in Great Britain and I can update the House on that exercise. We took a random sample of about 2,000 customers who were not receiving pension credit but whom we thought, based on what we knew about them, appeared to be entitled to it. For 12 weeks, we paid them the money anyway without their having to make a claim and then

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we contacted them and said, "By the way, we've just given you some free money. This is what we think you would get on pension credit—would you like to make a claim for it?"

The delivery phase of that study ran from November 2010 to March 2011 and an evaluation is now under way, but I can update the House on the early findings from that research. We found that by August, after the process had finished, a percentage of those involved in the study had successfully claimed pension credit. I am going to ask Members to think to themselves what percentage I am about to say, assuming that no one has read what we published. So, of the 2,000 people to whom we gave pension credit because we thought they were entitled to it, what percentage do hon. Members think then successfully claimed it? I shall not do a straw poll at this point. The answer is just 9%, which is a very low figure. Given that 3% of those in the control sample claimed, if we had done nothing we would have had 3% claiming anyway, whereas we had 9%.

We found that those who did go on to claim pension credit did so because the study had raised their awareness of the benefit and their potential eligibility for it, as one might expect. We talked to some of those who did not claim and found that some of them retained the view that they were not entitled to it even though we had contacted them and given them the money. Some felt that they did not need it, which is fair enough, some did not claim because of health issues, others forgot and some did not quite understand what was going on. It was a complex process, and we will publish a rigorous evaluation of it. It would be great if we could spot all the folk who are not taking pension credit and get the money to them automatically, but the early indications are that that will not be the case and that this approach is not a silver bullet that will enable us to deliver the money automatically. However, we will see what lessons we can learn from the pilot and I shall be happy to update the House on that a bit nearer the time.

Lady Hermon: May I establish when the Minister last visited Northern Ireland? The right hon. Member for Belfast North (Mr Dodds) gave the statistic in his opening remarks that 75,000 homes in Northern Ireland are in extreme—that is the word he used—fuel poverty. With the greatest respect to the Minister—and I do have the greatest respect for him—I would like him to visit Northern Ireland and come to some of those homes. It is absolutely degrading for an elderly person to have to eliminate their television because they cannot afford a television licence, or to have to choose between food and fuel. This is a really serious problem in Northern Ireland.

Steve Webb: I do not doubt for a second the point that the hon. Lady, for whom I have a great deal of respect, makes. Obviously, as a GB Minister, I am responsible for these matters in Great Britain. Fuel poverty is a devolved matter, although my hon. Friend the Under-Secretary, who will respond to the debate, was in Northern Ireland last week. Yesterday I spoke to the Northern Ireland Minister for Social Development to discuss with him these issues as they affect Northern Ireland. He was keen to stress some of the measures that the Executive are taking—for example, the double glazing of social housing.

That comes back to the point I was making, which was that this is partly about 98p a week on the winter fuel payment, which is what we are discussing, but far more about stopping people having highly energy-inefficient homes and giving them a decent, dignified standard of living. If hon. Members think about the difference that we are going to make through the triple lock on the basic pension, it swamps the 98p that we are talking about today and will make a real impact on the living standard of pensioners over decades to come.

Nicola Blackwood: On energy efficiency and insulation, proposals have come from the Government, including the green deal. My concern relates to my hon. Friend's comments about pension credit and uptake by the most vulnerable groups. Have any discussions taken place with the Department of Energy and Climate Change about how to improve uptake by those groups, who would benefit most from the proposals?

Steve Webb: My hon. Friend raises the important issue of take-up. Clearly, benefits such as cold weather payments and the warm home discount, which is the £120 off fuel bills in Great Britain, as I mentioned in the letter that I sent, are contingent on receiving an income-related benefit. That is a challenge that we always face. We want to target those who are most vulnerable, but if some of those who are vulnerable miss out on the passported benefits, how do we get that money through without spending it on everyone, resulting in it being spread much more thinly? That is a permanent trade-off and why we are looking at ways of improving the take-up of these benefits and having a mixed strategy—a mix of a universal winter fuel payment that goes to everyone regardless of whether they claim, and targeted help for those most in need.

As a Department we are working with organisations such as Age UK to try to make sure that pension credit materials are provided to them. Those organisations have responded positively to make sure that the literature we provide is easy to understand and reaches the people who need it. I entirely take my hon. Friend's point that there will always be gaps, and we need to address that. My view in the long run is that if we can have state pension reform that guarantees a state pension above the basic means test, that will go a long way to addressing some of these issues, but perhaps that is for another day.

I do not want to go on too long but I will mention, briefly, the warm home discount. This is important because it is the subject of negotiation between the Government and the big six energy companies in Great Britain that will give £120 off the electricity bills of 600,000 of the poorest pensioners. That will make a real contribution. We do it through electricity bills because pretty much everybody has an electricity bill, not because we think the price of electricity has necessarily gone up more, but it does not apply in Northern Ireland.

There is an interesting question about the negotiations or discussions between the Northern Ireland Executive and Power NI, for example, about whether the Northern Ireland providers could be asked to do the same sort of thing. If the big six are doing it in Great Britain, I cannot immediately see why the same should not benefit pensioners in Northern Ireland. Perhaps right hon. and hon. Members could take that back and challenge their own power suppliers to do more.

Clearly, we need to make people aware not just of the means-tested benefits they can get, but of the help with insulation, cavity walls and so on. Further in response to my hon. Friend the Member for Oxford West and Abingdon (Nicola Blackwood), we as a Government are sending letters to about 4 million of the most vulnerable energy customers, letting them know that they have access to heavily discounted insulation for their lofts and cavity walls. Even when we write directly to people, we do not always get the results that we want, but we are aiming to target people directly.

Jim Shannon (Strangford) (DUP): Is the Minister aware that 43% of those over 75 years of age live in unfit houses? Is that not a group that he should target specifically?

Steve Webb: Perhaps I was not explaining myself clearly. There is a whole raft of things that we are doing precisely because low-income households cannot afford the large capital costs of insulation. There is the green deal, the letters that we are sending about subsidised insulation, cavity wall insulation and so on, and the measures that we require the energy companies to take under the carbon emissions reduction target, the CERT scheme. There is a whole raft of things that we are doing, precisely because of the point that the hon. Gentleman makes, which subsidises insulation. It is perhaps a misnomer to talk about that as being long term. Someone's house can be insulated tomorrow, which will mean savings on their heating bills. It will take a long time to work through the whole housing stock, but that has an immediate and beneficial impact on people today. Perhaps "long term" was not quite the right phrase.

Ian Paisley (North Antrim) (DUP) *rose—*

Steve Webb: Will the hon. Gentleman forgive me? I know that he is responding to the debate, so he will have the chance to make the points that he wants to make shortly.

I entirely accept that the decision about whether to carry on with Labour's planned cuts in the winter fuel payment and cold weather payment was a difficult one. We could have gone ahead with both those cuts, which would still have left us having to find £70 billion to £80 billion of deficit reduction, but we took the view that we should target those most in need through the cold weather payment scheme. I am proud that we reversed that cut; that we found the money to pay the large number of cold weather payments that we did in Northern Ireland last year. But the long-term solution to this has not got to be £1 a week either way on the winter fuel payment; it has got to be home energy efficiency and decent incomes for pensioners, both today and in the long term. It has got to be making sure that people are not wasting their money paying high energy bills, but that their homes are kept warm. One of the striking things about the issue of excess winter deaths is that in many Scandinavian countries, which have much colder climates than we do, they do not have such a thing as excess winter deaths, simply because the homes are built to a decent standard to begin with.

There is a broad agenda here well beyond the rate of one particular social security benefit, but I can say to the House that we are absolutely committed to tackling fuel poverty. The reverse of the planned cut in the cold weather payment is one of the things that we have done, but I hope that I have given the House a feel for many of the other measures that we are taking that will tackle the issue not just for this winter but for the long term as well.

5.42 pm

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): I thank the right hon. Member for Belfast North (Mr Dodds) and his colleagues for bringing this important matter before the House today. The debate is extremely timely, as we are at that point in the year when pensioners are already worrying about what the coming winter weather has in store for them. In my constituency—and in the right hon. Gentleman's too, no doubt, since he is just across the water from me—we are already experiencing rather colder weather than we have here in London.

All of us on the Opposition Benches know, and many on the Government Benches also know, although they may not openly admit it, that people are feeling the squeeze of rising prices. They are increasingly worried about the basic costs of living, particularly food and fuel prices. With unemployment at its highest level for 17 years, and more women out of work than at any time since 1988, more and more people are struggling to make ends meet.

The real problem is that this out-of-touch Government seem to have no idea what it is like for ordinary people who are trying desperately to keep their heads above water. It is time that out-of-touch Ministers realised how tough things are for pensioners right now and how their policies are making things even harder. This year, pensioners are facing not just a double whammy, which was referred to earlier, but a triple whammy of higher VAT, soaring energy prices and what is effectively a cut to the amount of money that they receive in their pockets to assist with winter fuel payments.

I do not think that the Government understand why people are so outraged that the energy companies can increase their profit margins eight times over at the same time as every household in the country is seeing their bills go sky high. The "Plug the Debt" campaign launched by Consumer Focus and Citizens Advice has highlighted:

> "The average energy bill has risen by over 21% since autumn 2010 from £1,069 per year to £1,273."

I have heard the Minister say that that is only a pound a week, or a small amount, and £200 a year might not mean much to the well-off or the millionaire, but believe me it is a huge amount for a pensioner household with a fixed income, where every penny is a prisoner.

Andrea Leadsom (South Northamptonshire) (Con): Is it the Opposition's policy to reverse the decrease from £250 to £200 a year that they proposed and increase it back to £250?

Cathy Jamieson: I will spend some time dealing with that point during the course of the debate, but I want to say at the outset that it is time this Government took responsibility for their actions, rather than constantly blaming someone else for unpopular decisions.

Mr David Hamilton: Last week a Mr and Mrs Watt visited my constituency surgery. They do not make the distinction when losing that £50. They believed that they had a promise of £250. When £50 is taken off, a technical

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argument about whether or not that £50 is there is inappropriate. I also wish to point out that when the winter fuel allowance was first introduced—before some Members came into this place—it was temporary for the first few years and then we made it permanent. This Government could have done exactly the same.

Cathy Jamieson: I am sure that Mr and Mrs Watt are fairly typical of many of the pensioners we all see in our surgeries. It is not only my hon. Friend's constituents who see this as a cut. The charity director of Age UK said earlier this year:

"While the uplift was billed as a temporary measure, renewed annually, for those older people struggling to pay fuel bills, this is a question of semantics and they will view the measure as a cut."

Pensioners view the measure as a cut as less money is going into their pockets.

I know from my hon. Friend the shadow Secretary of State for Northern Ireland, as was mentioned earlier in the debate, that the average household energy bill is around 14% higher in Northern Ireland than in England and Wales. In the 21st century, it is absolutely shocking that around 1,300 are estimated to have died from cold weather-related illnesses in Northern Ireland last year.

I must also gently point out to the Minister and other Government Members that, although advising consumers to shop around and switch suppliers might make sense to some people, many of the pensioners I have spoken to find the range of tariffs and options on standing charges completely baffling. If people do not have access to the internet and the price comparison sites that the better-off might use, where are they to start? Pensioners do not want the hassle of complicated forms and do not always trust advice given over the phone, particularly after the bad publicity about people feeling under pressure to switch suppliers.

I heard what the Minister said about there being an 0800 number to call for advice. I do not know whether he has sat with constituents and tried—*[Interruption.]* He mentions pension credit, but I do not know whether he has sat with constituents who use a range of advice lines and sometimes find them difficult to use. They might be pensioners who are unused to speaking in detail over the phone and find it an off-putting experience. It is important that people can have face-to-face advice and I would welcome any effort he can make in that regard.

I also want to mention briefly those who are off-grid, and there are similarities between Scotland and Northern Ireland, particularly in rural areas. It is not so simple for people in those areas to shop around, although some helpful work has been done, for example, in ensuring that there are co-operative ways for communities to come together to purchase fuel. I hope that that is something the Government will support.

With consumer prices index inflation at 5.2%, pensioners on low and fixed incomes are among the most tightly squeezed, and again Age UK states that

"older people have experienced a rate of inflation on average 5% above headline measures and this is, in part, because the proportion of their income spent on food and fuel is higher than for other age groups."

The harsh reality is that, instead of supporting pensioners, this Government's actions are making life even tougher—

[Interruption.] Right on cue, the Minister starts again the usual orchestrated chorus from Government Members, attacking the previous Government rather than looking at what his Government are doing today.

Michael Connarty (Linlithgow and East Falkirk) (Lab): On the additional costs of food and fuel, is it not really beholden on the Government to realise that those are the areas where pensioners, in particular, feel the pinch? We are in a situation whereby many pensioners say that it is a matter of either heating or eating, so the Government should adjust not their philosophy but the reality of life to the fact that these inflationary measures are hitting pensioners, who do not have the money or the resources to back up the costs when they come in with the bills that they have to pay.

Cathy Jamieson: My hon. Friend makes an important point. Many pensioners do not want to admit the financial difficulty that they are in. Often, they try to hide it from their family, friends and local community, so they go behind closed doors and curtains, do not put the heating on for fear of the huge bills that may come in, and choose at times when their money is tight to cut down on nutritious food and other essential items. That is the stark reality for many pensioners living in our communities today, and it is time that the Government realised that they have to take responsibility for their own decisions.

The Government have to take responsibility for their actions and face up to the consequences, so let us take a look at the facts. I am sure that I will get more sedentary comments from Government Members, but it is important to remind people that the UK economy has flatlined over the past year, with just 0.5% growth well before the eurozone crisis, which cannot therefore be entirely to blame for choking off recovery. In the European Union, only Greece, Portugal and Cyprus have grown more slowly than the UK, and the United States has grown more than three times as fast as us over the past 12 months.

The Government's mistaken decision to raise VAT to 20% in January has hit pensioners hard. Estimates are that it will cost a pensioner couple on average £275 a year, and I return to my earlier point: that may seem like a small amount to some Members; it is not a small amount for someone who is facing the rise in prices, trying to make every penny go that bit further and facing such difficulties every day.

We know that the Government's policies are hurting ordinary people, because we hear it every day from constituents, as my hon. Friend the Member for Midlothian (Mr Hamilton) said, so we, like the right hon. Member for Belfast North who moved the motion, believe that the Government should look again at the impact of their polices on winter fuel payments and on VAT, which in combination have hit pensioners hard.

The Government have the opportunity to ease the squeeze on pensioners, and they should take it by temporarily reversing the VAT rise. At the very least, they could do so immediately and put that £275 back into the pockets of pensioners.

When Labour introduced winter fuel payments, it did so as part of a drive to help tackle fuel poverty among pensioners, and I accept that some Government Members genuinely want to see the problem tackled. The payments

were specifically designed to give older people the reassurance that they could afford to heat their homes in winter—and do so in a way that would allow them to continue to buy their food and to pay the rest of their bills.

At the time there was, and indeed there has been since, criticism that the winter fuel allowance was not targeted in the way that some anti-poverty organisations might have wished. Some people wanted the allowance to go further, and others wanted different groups of people included, but we know from research by the Institute for Fiscal Studies that households receiving the winter fuel payment are almost 14 times more likely to spend the money on fuel than they are if their incomes are increased in other ways. That is quite important, and the IFS specifically stated:

"Households receiving the Winter Fuel Payment spend 41% of it on fuel even though there is no obligation to do so. When the same households receive additional income which is not labelled in any way, they spend just 3% of it on fuel. To put it another way, simply increase the income of a pensioner household by £100 and they will increase their spending on fuel by £3. Label that increase a 'Winter Fuel Payment' and £41 will go on fuel."

Indeed, the IFS went further by stating:

"The winter fuel payment was introduced to encourage older households to spend more on heating in the winter. Remarkably it appears to have had just that effect."

To be fair to the Government, at least for a moment, they do seem, to be fair—

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): "They do seem to be fair."

Cathy Jamieson: On one or two things, and on this point the Government do seem to have moved on from the days when some people who are now in prominent Government positions thought that winter fuel payments were "gimmicks". To be fair again to the Pensions Minister, back in May he answered a written parliamentary question by stating:

"The winter fuel payment provides a significant contribution to an older person's winter fuel costs and provides vital reassurance that people can afford to turn up their heating."—[*Official Report*, 23 May 2011; Vol. 528, c. 493W.]

Today, he seemed to suggest that he still agrees with that in principle, and I am glad to hear it, although I disagree with him on whether the amount of money going into pensioners' pockets has been cut.

The coalition agreement, which has been referred to, states:

"We will protect key benefits for older people such as the winter fuel allowance".

Most reasonable people reading that statement or hearing those words coming from the mouths of Ministers might reasonably have expected the coalition to have protected all winter fuel payments. They were certainly the words that people heard in the run-up to the election, but as we know the winter fuel payment will be £50 lower this year than it was in each of the last three years for eligible households aged 60 or over, and £100 lower for those aged 80 or over. The Department for Work and Pensions estimates that 9 million households benefit from the winter fuel payment, so 9 million households will be worse off this winter.

People will no doubt seek to make the usual criticisms of the former Labour Government at this point, but when Labour left office no decision had been taken, and it was absolutely in the Chancellor's power to continue with the extra payment, as Labour Chancellors had in previous years. It is therefore absolutely wrong for any Government Member to say that the decision was taken by the previous Government; the decision to axe the additional payment was taken by this coalition Government —no one else.

Steve Webb: Leaving aside the fact that the shadow Work and Pensions Secretary was the man who left the note saying, "There's no money left," I must ask, if the previous Government planned to keep the winter fuel payment at £250, why did they not set the money aside in their Budget plans?

Cathy Jamieson: The decision was taken year on year, and it would have been entirely open to a new Government —indeed, if a Labour Government had been elected, there would have been the option—to look at the measure year on year, so no matter how many times Ministers raise the issue, they cannot get away from the fact that the very people who decided not to go ahead with the payment are the coalition Government.

I am astonished to hear the Minister seemingly suggest that this Government had to follow everything that the previous, Labour Government did. If that had been the case, we would still have had a future jobs fund, and perhaps youth unemployment would not be rocketing. No one wants to intervene on that point, so perhaps we will hear more from the Under-Secretary in her winding-up speech. Rather than harking back to the past, it is time that this out-of-touch Government came back to reality and dealt with the real-life issues facing today's pensioners.

Let me give the last word on this to the voice of pensioners. Speaking about the Chancellor's decision to axe the additional payments, Dot Gibson from the National Pensioners Convention has said:

"It's a shabby way to treat Britain's older generation. If we really are all in this together, why is he going to take £100 off the winter fuel allowance for the oldest members of society at a time when fuel bills are rising and winter deaths amongst older people are a national scandal? He should be ashamed of his behaviour".

6 pm

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I congratulate the right hon. Member for Belfast North (Mr Dodds) on choosing this subject. With winter fast approaching, this is an issue that will clearly be on many of our constituents' minds. Although it has been unseasonably warm in my part of Scotland, we must realise that the winter is still ahead of us and we face the challenge of yet again trying to heat our homes. I declare an interest to the House. In the Register of Members' Financial Interests, I have noted oil and gas industry interests which are relevant to this debate.

As has become apparent in the debate, fuel poverty is made up of a combination of three pillars: the cost of the energy itself, the income of the household, and the quality of the houses that people live in and are trying to heat. All three of those factors need tackling, and attempts have been made to do so over the years. I suspect that one of the mistakes probably made by all of us, but particularly by the previous Government, was relying on the cost of energy as the main platform for tackling fuel poverty in a period when competition brought down energy prices. We did not realise the need

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to get our housing stock well and truly up to standard to ensure that, when prices went back up, people would be able to afford to heat their homes because they would not need so much energy. The energy efficiency of homes and our housing stock is a crucial factor in building the long-term foundations for tackling the problem once and for all.

In the run-up to this winter, the Government are rightly trying to concentrate on making sure that energy bills are as low as possible by pushing for an end to the complexity. As the hon. Member for Kilmarnock and Loudoun (Cathy Jamieson) made clear, many people do not know how to shop around. They are faced with myriad complex tariffs and offers and are lured in to sign up to new contracts and, after that, a rising tariff. One of the ways of improving the markets and ensuring that at least bills are no higher than they should be is to have clearer tariffs and an end to the complexity.

The other problem is that of houses not on the gas grid. It would be interesting to hear, perhaps in the reply to the debate, whether anything can be done in Northern Ireland to extend the gas grid. If we can get more people on to the gas main, it will at least ensure that they have one of the most reasonable fuels for heating their homes in the immediate future.

However, not every house will be on the gas grid and we will have to tackle the problem of those that are not. Consumers of grid heating fuels such as gas and electricity have a market in which Ofgem—the regulator—and the rules consider how vulnerable customers are treated, and vulnerable customers cannot be disconnected in the winter. However, following the Office of Fair Trading inquiry and all the other reports on the off-grid, I am concerned that heating oil and liquefied petroleum gas suppliers do not have the same constraints on their market in terms of how they handle vulnerable customers and their relationship with them.

Mr Weir: The hon. Gentleman is making a very good point. He may remember that, in the previous Parliament, the excuse was always that that market was made up of smaller companies. Does he agree that that is no longer so? In many cases, suppliers have a virtual monopoly, and it is high time that the same sort of tariffs were introduced into that market as those that exist in the electricity and gas markets.

Sir Robert Smith: One can certainly buy from a lot of brands, but when one gets behind them and finds out who the beneficial owner is, one learns that it is not necessarily a different company. There is still scope for considering something we pursued when the hon. Gentleman and I were both on the Select Committee on Energy and Climate Change in the previous Parliament, and that is whether Ofgem should have some kind of locus in relation to off-grid customers as well as on-grid customers. It is certainly worth pursuing with the Secretary of State and Ofgem whether there is any way it can be involved in that market to improve the treatment of vulnerable customers.

I welcome the warm home discount because, obviously, that targets a saving that goes some way to counteract the loss of income. However, we must recognise that the long-term pressures are upward for energy prices, which brings us back to the need to tackle the quality of homes. There is a hope that shale gas may have the potential to assist with energy prices in the medium term, but the reality is that we have to prepare for a world where energy prices are higher. Therefore, in terms of targeting resources, I welcome the cold weather payment being maintained at the higher level because that at least targets those who have the most need most effectively.

The take-up of benefits is crucial and we need to reinforce the campaigns and the different ways of engaging with customers. The data sharing on pensioners between energy companies and the Government is going some way towards trying to identify those vulnerable customers. The energy companies that are doing benefit audits of their customers have shown that such an approach can greatly improve a household's income. Pensioner take-up of targeted benefits needs to be improved, as does the information. We need to try to get across to people the message that these payments are entitlements, not gifts. People are entitled to these payments and they should not feel in any way inhibited from claiming them, because they have been paid for and they are meant to be claimed. If they were claimed, the problem of fuel poverty would be reduced.

Information is also crucial in trying to get people's homes up to standard. There is still a lot of reluctance to engage, even when energy efficiency is free. With the upheaval and the uncertainty, people do not have the confidence to let someone into their home to interfere with the fabric of their building. We need to give people more reassurance that the long-term benefits of improving the energy efficiency of their home will give them a stable future when it comes to fuel bills.

Mr David Hamilton: The hon. Gentleman has mentioned that the take-up is not as good as it could be, but part of the problem is that we do not have a one-front shop. We should have an organisation—for example, one of those dealing with welfare rights such as the citizens advice bureau—through which someone who is looking for benefits can also find out about the other things available to them. How does that square with the cuts that are being made to local government, because that is the other side of the coin? There are substantial cuts. Many of the people who give the advice are not there now and some of those organisations are closing down. I should also declare an interest in this debate because I am over 60 so I qualify, too.

Sir Robert Smith: Yes, it is crucial to ensure that people have access to the information. We also need to ensure that those who have contact with pensioners are aware of it. The health benefits of living in a properly insulated home are very great, but not enough is done through the health service to steer people towards available schemes to help them to heat their homes. When someone presents at a GP's practice with a health problem that can be exacerbated by a cold home, they should immediately be steered towards information about how to get benefits to improve their home.

I shall highlight one of the frustrations of promoting warm homes week. I went out to help energy efficiency installers. At one semi-detached house, people were drilling a hole in the wall and putting a chain down through the hole in the wall between them and the neighbour.

When I asked why, they said, "It's to make sure the neighbour doesn't get any insulation," because the neighbour did not want it. That shows both the resistance to what is inevitably in the best interests of the home and the level of inefficiency. Installers cannot do a whole street because individuals have not got the confidence to share. Obviously, if they are out installing in one house, installing in another house at the same time will greatly reduce the cost of the scheme and increase the take-up. We have to get the information across to people that these schemes are there to help them and that if they make use of them they will have a long-term benefit. The great benefit of improving our housing stock is that as people's incomes fluctuate and as people move, they will still not fall into fuel poverty.

At a fundamental level, we must get the housing stock sorted out, we must give people the confidence to take up the benefits to which they are entitled, and we must ensure that the energy markets work to maximum efficiency so that even in a time of rising prices we do not pay over the odds for our energy.

6.10 pm

Dr William McCrea (South Antrim) (DUP): This debate has at least established something, because the Minister has acknowledged, as *Hansard* will clearly show, that we are talking about cuts—that what is being proposed, and what is actually happening, is a cut for pensioners. I appreciate his having forthrightly acknowledged that, for it is often painted in another fashion or covered up in some way.

It is true that we are living in financially difficult times and that hard choices have to be made. The Government have made a choice to cut pensioners' winter fuel payment, and they must stand by their choice. We have often listened to the Government hiding behind things that the Opposition were going to do had they remained in power. They must stop doing that and face the fact that they are in government, so they carry the responsibility. What some other Government were going to do is not relevant; what is relevant is that this coalition Government have decided to cut money from the most vulnerable people in our society. The cost of living for the over-65s is increasing, as it has been for the past four years, and they are now faced with a cut. When I listened to the Minister's speech, I wondered whether there was a prize for the quiz that he was holding, but we have not heard whether he will give some pensioners the prize of a reinstatement of this money.

Let us acknowledge that for many of our constituents in Northern Ireland, gas is not a possibility; they do not have that option. People are facing exorbitant, rocketing heating oil prices, and in many cases throughout the Province they have no alternative. Heating oil prices seem to keep going up. My constituents constantly tell me that it is amazing that just when the cheques for the winter fuel payment are about to come through the letterbox, the oil prices go up. Perhaps a review of this could be undertaken, because it has a serious impact on my constituents, who face great difficulties at this time of the year. I acknowledge that the energy stamps scheme run by some of our councils is of great help to our constituents in enabling them to face the heating bills that come in during the winter months.

Sir Robert Smith: There is an aspect of off-grid that I did not touch on, and I wonder whether the hon. Gentleman thinks that there is more mileage in it. As the renewable heat initiative comes in, does he agree that converting some off-grid domestic properties to heat pumps, particularly air source heat pumps, could make a difference?

Dr McCrea: With the greatest respect, many of the people who are losing the winter fuel payment—for example, those who are over 80—will not know about the scheme that the hon. Gentleman mentions. Let us deal with reality, because these are the people who are going to suffer as a result of the coalition Government's proposal.

Kate Hoey (Vauxhall) (Lab): I congratulate the Democratic Unionist party on proposing this debate, and I presume that there will be a Division of some kind so that we can show our views. Does the hon. Gentleman think that the saddest part of this cut, made for the sake of such a minimal amount of money, no matter what the economic position, is that it is the people over 80 who are really going to suffer?

Dr McCrea: I thank the hon. Lady for her comments, with which I wholeheartedly agree.

When I looked at today's *Daily Mail*, I saw that the editor's comment says—[Hon. Members: "*Daily Mail*?"] With the greatest respect, let me deal with the issue. It says that at a time when our people are enduring cuts at home, including to the winter fuel payment, UK taxpayers are ploughing an extra £300 million into an organisation such as Europe, with increases of "only" 2%. The Minister asked where the money would come from; I think we have identified where some of it could come from. Instead of paying it to Europe, we could be paying it to our elderly people—those over 80 years of age who are facing a choice between eating and heating. My right hon. Friend the Member for Belfast North (Mr Dodds) mentioned the money wasted on the referendum on the voting system, which was held to placate the minor party in the coalition. That money could have been spent to assist the elderly. It ill behoves those in the coalition to ask where the money would come from to deal with this situation, as they can certainly find it for others rather than the citizens of the United Kingdom.

These past three years have been devastating for the fuel poor within our society. Last winter in Northern Ireland, we faced the coldest December for over 100 years, with energy prices continuing to escalate, and we are entering a situation where the choice between heating and eating is a sad reality for many of our elderly constituents. In my own constituency of South Antrim, it has been estimated that as many as 42.4% of the population are living in fuel poverty, at least half of whom are pensioner householders. That is a significant figure and a worrying statistic.

Behind the statistics are human beings—elderly people within our society—who are suffering. Research carried out by Help the Aged in 2006 suggested that in winter many older people cope with the cold by staying in bed longer or wearing outdoor clothes indoors. The charity's opinion that it is unacceptable in this day and age that

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anyone should have to resort to such measures in order to minimise heating bills will surely find support across this House. In its impact report in 2006, it stated:

"Winter is a difficult time for many older people. The cold, dark winter months leave many confined to their homes and for too many older people, those homes are cold, damp and inhospitable. Each year, older people living on inadequate incomes regard the approach of winter with dread".

This year, with the decrease in their winter fuel payment, will certainly be no exception.

Living in a cold, damp home can have devastating effects on the health and social well-being of the elderly, rendering them isolated and susceptible to what should be avoidable illnesses such as asthma and stroke. Between 2002 and 2009, the number of winter deaths in Northern Ireland increased by 366%, and they are now at the highest level in western Europe. Experts agree that one of the root causes of this shocking statistic is fuel poverty.

When the then Government first introduced the winter fuel payment in the winter of 1997-98, they threw a vital and welcome lifeline to many thousands of pensioners across the United Kingdom. The decision to cut the winter fuel payment this year is shocking and people have reacted bitterly to the news. Only last month, a group of older people from Age Sector Platform in Northern Ireland travelled to Westminster to present the Minister of State, Department for Work and Pensions, the hon. Member for Thornbury and Yate (Steve Webb), with a petition containing the signatures of almost 15,000 people who were united in opposition to the cut to the winter fuel payment this year. The Age Sector Platform campaign continues to receive support as each day passes, not only from elderly people but from younger people who are genuinely concerned about their parents and grandparents who had depended on this additional and welcome source of income. Never before has a lobby issue attracted such a high level of support in such a short space of time.

Members will be interested to know that in June, a Pensioners' Parliament was held in Northern Ireland for the first time. There was overwhelming support for a motion calling on the Government to reverse their decision to cut the winter fuel payment this year and to look at ways of linking future payments to energy prices. A survey conducted in the run-up to the Pensioners' Parliament also emphasised the need for action in this area. It showed that three out of four older people identified keeping warm in winter as a worry, making it the No. 1 concern. As politicians, we cannot fail to recognise that a strong message is being sent to us and to this House.

The proportion of homes in fuel poverty in Northern Ireland is three times greater than that in England. Households in Northern Ireland spend 43% more on energy than the UK average. Electricity prices in Northern Ireland are 29% higher than in January 2008 and 11% higher than in the rest of the UK. The price of home heating oil increased by more than 150% between 2003 and 2010, with 23% of that increase occurring in just the last year.

It is inconceivable that once again this winter our elderly will have to choose between heating their homes and putting food on the table. The Government, through their current course of action, are condemning many pensioners in my constituency to a winter of hardship and suffering. As the National Energy Action group has said:

"Fuel Poverty is killing those most vulnerable in our society annually."

It goes on to say that it is a basic essential that

"all householders in Northern Ireland have access to affordable warmth."

Unfortunately, without urgent action from the Government on this matter, that entitlement will be denied to many.

I will finish because I realise that many right hon. and hon. Members want to speak. I will leave Members with a direct quotation from a lady known simply as Mrs P, who contributed to the Help the Aged impact report:

"When I get up, because I can't sleep and I come down, I put an old quilt round me, and I sit here for as long as I can, reading, until I get absolutely frozen. Then I have to put the fire on and I think to myself 'Look at me wasting all this fuel.'"

Let us not waste a moment longer. I appeal to the Minister to ensure that the appropriate action is taken to prevent people such as Mrs P from falling even deeper into fuel poverty.

6.23 pm

Jackie Doyle-Price (Thurrock) (Con): It is a great pleasure to follow the hon. Member for South Antrim (Dr McCrea). The speeches of Members on the Opposition Benches have been characterised by a great passion on behalf of their constituents about the issue of fuel poverty. Everybody in this House is concerned about that issue and we have all had to deal with constituents who are finding life a struggle. The opportunity to debate our concern for the vulnerable this afternoon is an example of Parliament at its best, because such issues are why we are all in this place and why we attempt to do our best. It is important that Government Members think about what we are doing for pensioners and how far we are supporting them in dealing with the ever-increasing burden of fuel prices.

I assure Members of the Opposition parties that if the measures that the Government are putting in place were less than adequate, I would be the first in line to criticise them. However, if we look just through the prism of the winter fuel payment, we do not see the whole story. We need to look at the wider support that we are giving to pensioners through pension reform and other benefits.

Lady Hermon: I am sorry to interrupt the hon. Lady so early in her speech. She has conveyed the impression that coalition Members are very concerned, as they ought to be, about this serious issue that affects all parts of the United Kingdom. Why, therefore, are there so few Members on the Government Benches this evening? It is really embarrassing.

Jackie Doyle-Price: I could also point to the lack of Members on the Labour Benches, but this is not an occasion to engage in party politics. We need to turn our attention to debating the substance of the issue.

I am satisfied that what the Government are putting in place is appropriate to support our pensioners. As I said, we need to consider the wider support that we are giving pensioners to deal with fuel bills, the other benefits

that we are giving pensioners and the pension reforms. We also need to consider the quality of the housing stock, which has been raised a number of times in this debate. We need to think about what can be done to reduce bills, because then we would not have to give so much support to cover energy prices. At the moment, a lot of energy is used to heat the air above people's houses.

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): No one on the Opposition Benches would argue with the point that we need to do more to make homes more energy efficient. The difficulty is that we are in the worst recession for decades, energy costs are going through the roof—literally when homes are not properly insulated—and pensioner incomes have decreased in real terms. We are simply saying that this is the wrong time to make such a cut.

Jackie Doyle-Price: I am pleased that the right hon. Gentleman agrees with the point about the quality of housing stock. There is a lot of Government support for people to invest in such improvements. The difficult is in take-up. He focuses on the winter fuel payment and identifies it as a cut. Instead of having a broad-brush, one-off payment that is available to everyone, we must tackle the root causes of fuel poverty and identify the households that will benefit the most from such help.

Sarah Newton: Does my hon. Friend agree that many of the solutions can be found locally in our communities? For example, Community Energy Plus is working with Cornwall council to use the Government incentives to tackle fuel poverty by offering free insulation to vulnerable households living in fuel poverty in Cornwall right now, this winter. The critical role that we can play as MPs is to work in partnership with organisations in our communities to ensure that people know about and take up the good schemes that are available.

Jackie Doyle-Price: My hon. Friend makes a constructive point, which goes to the heart of the point that the Minister made earlier about the lack of take-up, particularly of means-tested benefits. That happens for a host of reasons, including that they are too difficult to take up, that people are too proud, and the lack of awareness among pensioners about the support that they can get to improve the quality of their housing. That is because many of the schemes are nationally designed and rolled out, and the information is not readily available. We can do a lot to push people in the right direction so that they can find help, such as through the project that my hon. Friend mentioned. All Members can play a constructive, championing role, because we are all community leaders. We need to pay our part in pointing pensioners towards the sources of help that they can access to tackle this growing problem.

Kate Hoey: The hon. Lady is right that we all have a responsibility to make people aware of such things. However, if she were an 89-year-old lady living on her own on a tiny pension, would she really think it her priority to have the huge disruption of someone doing all that work in her house? What she would actually want would be the money that she had last year, so that she could increase her use of electricity over the coming winter.

Jackie Doyle-Price: I think what a lady in that situation wants is to be warm, and we can apply any number of tools to ensure that she is. Part of that is making money available through the winter fuel payment and pension credit, and part of it is improving the quality of our housing stock. That is the point—it is not simply about the winter fuel payment.

Ian Paisley: I thank the hon. Lady for giving way. She is being very generous with her time.

The hon. Lady has indicated that there are plenty of areas of support for pensioners that should be used. However, when we start to dig into them and explore them, we realise that they are actually quite limited. For example, someone who applies to the boiler replacement scheme will get help only if they are in receipt of rate relief. The people who are in the most need, after means-testing, are those who receive housing benefit, but they are excluded from the scheme. There is therefore a double whammy—even if those people explore and try to exploit the assistance that exists, it is not available to them.

Jackie Doyle-Price: There are a number of schemes that are designed to provide such support, and I suspect that there are alternative schemes for people who claim housing benefit. Also, who is responsible for meeting the cost of such work depends on the nature of the landlord.

I should like to highlight some of the things that the Government have done to alleviate fuel poverty for pensioners. We have heard reference to the warm home discount, which will enable pensioners to have a mandatory rebate on their electricity bills. The Government have also permanently increased the cold weather payments, and it is very important to make that point when we consider where support is being directed. We can have the universal benefit of the winter fuel payments, and to some extent I am attracted to that, because we have poor levels of pension credit take-up. However, it is important that we strike a balance, because we can all point out people who are entitled to that benefit and perhaps do not need it. Focusing more support on cold weather payments, which go to pensioners who claim means-tested benefit, is entirely appropriate.

The motion concentrates on the cut in the winter fuel payments. The Minister said that the level that was previously budgeted for was only a temporary increase. Members have said that we could have decided to stick with that increase, and the hon. Member for Kilmarnock and Loudoun (Cathy Jamieson) had a nice try when she said, "Look, this is a cut, it's up to you what to do." However, as I said, it is important to see the matter in the round and see what we have done to focus additional support on those who need it most, through cold weather payments.

Members have mentioned the issue of housing stock, and I encourage the Government to consider what more can be done to highlight the schemes that exist and encourage more people to take up support to improve the quality of housing. Ultimately, we are not going to tackle the issues of fuel poverty and ever-increasing bills unless we really focus on delivering energy efficiency in all our homes. We need to do that not just for pensioners but for low-income households in general.

Nigel Adams (Selby and Ainsty) (Con): With the green deal coming down the track, which could have a huge impact on heating bills right across the country, does my hon. Friend think the Government could learn lessons about how it should be administered, particularly for pensioners? There is a chance that the scheme could be wrapped up in red tape. We have heard about how restrictive various other schemes can be for the elderly. Cannot the Government learn lessons about how the green deal can be delivered for elderly people?

Jackie Doyle-Price: It is always a challenge for the Government and the public sector to deliver such schemes in a user-friendly way that makes them available to people and does not dissuade them. We need to continue our principle of using all organisations in society and making them approachable. As my hon. Friend the Member for Truro and Falmouth (Sarah Newton) mentioned, we need to use voluntary groups and the other groups that are closest to pensioners, to encourage them to engage. We can see elements of that starting already in welfare reform. The Government are looking to local authorities to be stronger delivery partners, because they tend to be the organisations with which pensioners have the closest day-to-day contact. We need to think carefully about making support people-friendly and easy to access.

I wish to set the winter fuel payment against the broader context of what the Government are doing for pensioners. They have confirmed that they will be keeping other benefits, such as free TV licences, prescriptions and eye tests, and they have set aside £650 million to help local authorities freeze council tax. We should all recognise that council tax has been a real problem and has contributed to pensioners' financial difficulties. As we know, if local authorities can limit their budget increases to 2.5%, the Government will meet the cost of the freeze. In recent years the average increase in council tax has been quite significant, and it has been a pernicious bill for many households.

I particularly wish to congratulate the Government on restoring the earnings link to pensions and introducing the triple lock to guarantee an increase in the basic state pension of the highest of earnings, prices or 2.5%. That measure will go further than any other in addressing pensioner poverty. It will give pensioners a firm financial foundation from the state and guarantee a more generous state pension. That is the essential goal of what we are trying to do—we want to ensure that everyone is guaranteed an income that will prevent them from being in poverty.

Sarah Newton: I completely agree with my hon. Friend's point about improvements and annual increases in the state pension. Does she agree that some of our reforms to the NHS will also have a hugely beneficial effect on older people? Integrating social care with the NHS and giving the health and wellbeing boards a key health outcome of reducing fuel poverty represents a more holistic approach. We are considering pensioners, their families and their lifestyle in the round, and we are supporting them.

Jackie Doyle-Price: The broader point is that many of the issues that face us in later life have been parked for too long. I congratulate the Government on gripping them, and in the ongoing debate we will have to ensure that we have good provision for people in their later years. I believe that will occupy the House's attention for quite some time, because we cannot afford to get it wrong. We all need to get behind the Government and help to tackle the matter.

Dr McCrea: I accept all the hon. Lady's points, but this is not an either/or situation. Surely the winter fuel payments complement what she has described. As the Minister has acknowledged today, the Government are proposing cuts. Many of our pensioners are asset-rich but income-poor, and they fall into the means-testing trap. The winter fuel payment is one way to help them.

Jackie Doyle-Price: I was just about to come on to means-testing, because that is where problems have arisen. I completely take the hon. Gentleman's point that many pensioners are asset-rich and cash-poor, and that is why they find it difficult to make ends meet and pay all their bills. However, the biggest problem with pension credit and the move to means-tested benefits is that a number of people are not claiming what they are entitled to, for a number of reasons. It is partly because of the complexity of the system, but probably one of the biggest reasons is pride. Those of us who were familiar with my grandparents' generation know that they really did not want to ask for what they were entitled to. We have tried to strike a balance between universal payment and means-testing, to direct support to those who need it. Ultimately, that will work only if we make it easier, and less of a stigma, for people to claim what they are entitled to.

I am quite confident that we have got the balance right, but I am not confident that we are doing enough to encourage people to make claims. The National Audit Office has pointed out that of the one third of people who are entitled to pension credit who do not claim it, many are in the poorest households. All of us could do our bit by highlighting the fact that support is available to people and encouraging them to claim it if they are entitled to it.

We want to ensure that older people receive the help to which they are entitled, and we need to satisfy ourselves that we are putting enough measures in place to support our pensioners. I am grateful to Democratic Unionist party Members for initiating this debate, which has given us the opportunity to ask ourselves whether we are doing enough, and I congratulate the Government on all that they are doing in this area.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I just say to hon. Members that we have four more Back Benchers to get in, and we are up against time—we have just under an hour left.

6.40 pm

David Simpson (Upper Bann) (DUP): It is important to say at the start that DUP Members support the measures that coalition Members have talked about, including insulating walls and new windows, but we need to talk about now. We are coming into the winter, and we need to talk about winter fuel payments. Those other measures are good in their place, and eventually—hopefully—they will be implemented in many of our older buildings in the UK, but that is not happening now. We need to talk about the here and now of winter fuel payments.

I begin by quoting a Government Minister speaking in this Chamber a little earlier this year:

"I am sorry, we got this one wrong—but we have listened to people's concerns. I thank colleagues for their support through what has been a very difficult issue. I now want to move forward in step with the public. I hope that the measures that I have announced today, signalling a fresh approach, demonstrate my intention to do the right thing".—[*Official Report*, 17 February 2011; Vol. 523, c. 1155-1156.]

That was the Secretary of State for Environment, Food and Rural Affairs speaking about forestry. Would it not be an extraordinary state of affairs if a member of Her Majesty's Government could come to the House to offer an apology, concede that the Government have got it wrong, say that they had listened to the people and announce a change of direction on forests, but another member of the Government says that there could be no such apology, announcement or about-turn when it comes to our elderly, who are some of the weakest and most vulnerable members of our society?

That is the distasteful core of the debate, and it is why the DUP moved this motion today. Some hon. Members might feel that using words such as "distasteful" is taking things a bit far, but let me quote from the independent financial advice website, moneysavingexpert.com. On 24 March 2011, it reported that the Chancellor had "secretly" cut the allowance. In an article published on 19 October 2011, fullfact.org considered the conflicting arguments between the political parties and referenced a recent piece jointly written by the Prime Minister on moneysavingexpert.com on 17 October. The fullfact.org article concluded by saying that despite questions on how long the payment was intended for,

"there seems to be no question that the payments are being reduced."

My colleagues mentioned this earlier, but it perhaps needs to be mentioned again. The Minister asked, "Where does this extra money come from?" In that respect, we need to emphasise the hundreds of millions of pounds that have been poured into Europe—in Northern Ireland, we would say that it is disappearing like snow off a ditch. We see no benefit from the money, but our old and other members of society in the UK are suffering greatly for it. The Government need to re-look at the money that they are pouring into Europe while our old and infirm are suffering at home.

According to uSwitch.com, the price comparison website, the position for many in the UK is that since November last year, energy suppliers have increased their prices by £224, or 21%, on average. As a result, the average household energy bill has rocketed from £1,069 to £1,293 a year. In just over five years, household energy bills have rocketed by £633, or 96%, from £660 a year in 2006 to £1,293 a year today, following recent increases.

The number of those in fuel poverty has spiralled, with 6.9 million, or 27%, of households now affected. The worst affected groups are single working parents, pensioners or couples living off one income. Almost nine in 10 households—89%—will ration their energy use this winter to save on bills. As a result, potentially 23 million households will be switching off or turning down this winter, 4 million—or 16%—more than last year.

Eighty-seven per cent. of people are worried about the cost of their energy bills as they head towards the winter months, 26% more than last year. Fifty-five per cent. of people went without heating at some point last winter to keep energy costs down. That looks set to rise. The hefty 21%, or £224, hike in the last year means that energy costs are the top household worry for consumers—90% of households are worried about energy costs, whereas 42% of households are worried about mortgage payments and 77% are worried about the rising cost of food.

The disposable income of more than nine in 10 households —93%—has been hit by the rising cost of energy. Thirty-seven per cent. have seen a dramatic reduction in their disposable income, while 19% no longer have disposable income. More than one in three households—37%—are in bill debt and are using credit to cover their day-to-day household bills. Thirty-six per cent. owe more than £1,000 and more than one in 10 households—14%—owe more than £3,000.

If ever a year were exactly the worst time to introduce such a cut, it is this one. If ever there were a year when introducing such a cut was precisely the last thing that the Government ought to do, it is this one.

This debate was introduced by the DUP, but it is not simply about Northern Ireland; it is rightly about the entire UK. However, alongside the issues that I raised previously, I should like to focus on Northern Ireland. According to Age Sector Platform—other right hon. and hon. Members have stated this, but it needs to be stated again—last winter, Northern Ireland faced the coldest December for more than 100 years. It was a horrific time for the elderly. According to figures that I have been given, during the winter of 2009-10, 756 people aged 65-plus died of cold-related illnesses in Northern Ireland.

With the additional costs, the price hikes, the increased bill debt, the reduced disposable income and the increased rationing of warmth, does any right hon. or hon. Member really suppose that we will not witness more vulnerable people dying needlessly this year? Does anyone suppose that the planned cut will reduce the number of deaths? If the Government can come to the Chamber, offer an apology, claim to have listened to the views of the public and announce a U-turn on forests, why can they not do likewise for the old, the frail and the most vulnerable in our society?

There are many men and women fighting for this country in Afghanistan, or who fought in Iraq and Libya, who have parents at home who are vulnerable and getting it hard. They are fighting for their country while this coalition has taken away the very money that could help to heat their parents' homes. That decision is unacceptable and needs to be reversed. If the Government can do it for forests, surely to goodness they can do it for the most vulnerable in our society.

Several hon. Members *rose*—

Mr Deputy Speaker (Mr Nigel Evans): Order. Three people have indicated that they wish to speak, and the wind-ups start at 7.18 pm. If they can divide the time among themselves, everybody will get in.

6.50 pm

Mark Durkan (Foyle) (SDLP): It is a pleasure to follow the hon. Member for Upper Bann (David Simpson). I commend him and his colleagues on bringing the motion to the House. In particular, I commend the

[Mark Durkan]

right hon. Member for Belfast North (Mr Dodds) on the cogent and assertive way in which he moved the motion and anticipated many of the Government's arguments.

The motion is timely and focused. Contrary to much of the debate, which has ranged far and wide along the full dimensions of fuel poverty, the structural condition of the housing stock, fuel prices and all those vagaries, the motion is focused on something under the control of the House and the Government: the decision on the winter fuel payments. We are clear that all those issues need to be addressed, and the measures taken by the previous and present Governments are to be encouraged, as too are other more far-reaching measures, but given the rampant rise in energy costs for older people and all the other pressures on their incomes, we cannot countenance complacency about the cut to winter fuel payments.

The decision on winter fuel payments represents a clear and present cut imposed by this Government. The Minister tried to argue first that it was not a cut, then that it was a Labour planned cut, but the fact is this: it is a clear and present cut for pensioner households already facing other pressures and difficulties. It is a sleight of hand for people to suggest, "Well, the Government were committed to doing what the previous Government did", because really they said, "No, we're only committed to doing what we think the previous Government planned, not what they did."

The hon. Member for Thurrock (Jackie Doyle-Price) said that we have to talk to and listen to our pensioners. I have, and every single one has told me that the cut is an issue for them, and every single one is clear that for three years they received payments at a certain level, but that this year they will not get them at that level. That is a cut, and it is a cut from this Government.

Jim Shannon: Does the hon. Gentleman agree that this is at a time when they need it most?

Mark Durkan: Yes, of course it is at a time when they need it most, and it is not only the time of year when they need it most but the time in the economic cycle—with all the difficulties that people are facing.

We have heard some duplicitous arguments from Government Members. On the one hand many people talk about the difficulties with means-tested benefits and with supporting pensioners through pension credits, but on the other hand we have heard criticisms of the fuel payment and the fact that it is not means-tested or discriminatory. We have heard contradictory arguments.

Indeed, the Minister earlier argued against the whole scheme, structure and logic of winter fuel payments. He actually argued against the allowance altogether and said that better, more discriminating interventions were available to protect people against fuel poverty and to support more deserving pensioners. In the light of his logic, I wonder whether the Government plan fundamentally to review or redesign the fuel payment.

The previous Government introduced the single annual payment in 1998, but the first time I heard it advocated was in 1988, when my predecessor, John Hume, commended to the then social security Minister, John Major, the introduction of an annual thermal allowance to overcome many of the difficulties with the cold weather payments, their inadequacy and the poor and inconsistent triggering system. Thankfully, we got something similar with the winter fuel payment in 1998.

Over the years, the amount of money committed to the payment has changed and top-ups have been introduced. Pensioners have come to see those top-ups as a given, and considering what the Prime Minister said going into the election, they had every right to expect them to remain a given. The motion tabled by my compatriots in the Democratic Unionist party gives the House the opportunity to signal to the Government that that is what we want and what pensioners expect.

Many valid arguments have been made about how to tackle fuel poverty—improving energy efficiency, for example. Although some of those measures can be introduced in Northern Ireland at the devolved level, others need wider intervention from here. Those could include more up-front investment in energy efficiency retrofit schemes or VAT concessions, not least to stimulate work in the hard-pressed construction sector, which is not building new houses. There is an awful lot of work that people with construction skills could do to retrofit and improve existing houses, and there are many things that young people who want to get construction skills could do on such schemes. The Government need to think more widely about other measures to tackle fuel poverty, but they should not use the existence of other interventions as an excuse to justify this unjustified cut.

I shall not rehearse the statistics on the levels of fuel poverty in Northern Ireland that my colleagues have mentioned because other Members want to speak, and nor shall I rehearse the number of winter deaths from fuel poverty either in the UK at large or in Northern Ireland. I shall only make the point that those deaths are avoidable and that we need to take what steps we can to avoid them. This cut is avoidable.

The Minister asked, "Where else can the money come from?" I do not necessarily agree with some of the suggestions from right hon. and hon. colleagues, although I am glad that the Government moved on from some of the vanity projects—for example, the NHS IT scheme. Money could also be saved on Trident.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): The hon. Gentleman mentioned mortality. As he knows, I have family in Armagh, where the climate can be pretty tough, but it can be even colder and more difficult in Scandinavia, where the figures for hypothermia are much lower than ours. Is that not a point that we should bear in mind?

Mark Durkan: Yes, it is. That raises questions about investment in quality housing stock and the levels of social support, guarantees and interventions available in Scandinavian countries, and it is why we need to follow the precise focus of the motion, which relates specifically to the winter fuel payment.

I attended the Northern Ireland Pensioners' Parliament to which hon. Members have referred. It took place in the summer—in June—yet the single strongest issue coming through concerned the winter fuel payment. Yes, people were aware of the changes and the pensions triple lock, but they did not buy it and obviously resented the sleight of hand, with the change in indexation and so on. What they focused on was the direct cut facing them. That is why so many people have campaigned on it, and not just in Northern Ireland.

As the Government look to what they can do to help shelter people from the effects of recession and face the rampant pressures on household costs, I hope that they will reinstate the top-up in winter fuel payments to support pensioners. When pensioners hear the question, "Where will the money come from?", they say, as some pensioners said at the Pensioners' Parliament, "When this quantitative easing happens"—supposedly so that money gets out there into the economy—"why is the money given to the banks?" When that money goes into the banks, does it get out there into the economy? Those pensioners make the sensible point—this is one thing we do know—that when we give money to pensioners, it will be spent. It will not stay in those households; it will be spent, in local shops and so on, and go usefully and legitimately into the economy. If there is another phase of quantitative easing and more money is made available to go into the economy, perhaps it should go via pensioners. Then we would all share in the benefits and, in particular, pensioners would be sheltered from the cold.

7.1 pm

Jim Shannon (Strangford) (DUP): It gives me great pleasure to speak in this House on behalf of the elderly and those in need, and to address the issue of the winter fuel payment.

I read a statement the other day that said:

"The world is getting older. The UN has called the current global ageing trend a situation 'without parallel in the history of humanity.' Here in Northern Ireland, our very own society is ageing...An ageing demographic like this carries significant consequences for the fabric of our community. It changes how we plan the way we live; education systems, health and social care, work life, family life. It affects older people now and in the future."

I am aware of the clear demographic changes in my constituency of Strangford, to which many people move to retire—it is a beautiful place to visit at most times, but it is also a nice place to retire—and where the issue of winter fuel payments comes up over and over again. It comes up because—let us be clear about this—winter fuel payments are not a luxury, but something that goes to pay for fuel, which, for most elderly people in my constituency, means oil. Therefore, the cost is greater than anywhere else. It is no exaggeration to say that literally hundreds of my constituents have spoken to my offices about this issue, and it is clear what they are telling me: winter fuel payments are critical for them to get through the winter.

Age NI has a vision for Northern Ireland and the United Kingdom:

"To create a world in which older people flourish,"

and:

"To enhance and improve the lives of older people".

Those are the words of Age NI, but they should apply everywhere in the United Kingdom, and be taken on board by all the elected representatives in this place as well.

Age NI has three themes—health and social care; poverty; and equality and human rights—but this evening we are focusing on poverty. Poverty affects health and social care, and winter fuel payments and poverty affect equality and human rights as well. Although there are many ways of helping—my right hon. Friend the Member for Belfast North (Mr Dodds) spoke earlier about the pension credit, and the Minister responded in an intervention—we need a way of speeding the system up. The system needs a sense of urgency; I cite the number of times that I have to phone through to the pension credit system to ask for something to be done only for me to have to return to the problem a week later or perhaps the week after that. The system also needs less bureaucracy and paperwork.

The autumn spending review is an opportunity to put older people at the heart of Government policy and to plan for an ageing population. Northern Ireland has some 300,000 people of retirement age, who make up 17% of the population, and the trend is upward. Unfortunately, the figure will be 24% or 25% in a few years. The largest increase will be in what is sometimes referred to as the "older old". It is not an "Irishism" to say that: it refers to those who are 80-plus, who feel the pain of winter more than most. Other Members have underlined that point today, stressing the importance of all those who fit into the pension bracket, but especially those who are 80-plus, of whom it is estimated that there will be some 130,000 in a short period of time. Again, that is a concern.

Two fifths of single pensioners and one fifth of pensioner couples have no income other than their retirement pension and state benefits. Whenever we put the issue in perspective, we see that the winter fuel payment means a whole lot to those people. Some 44% of my constituents are in fuel poverty. By the way, the same proportion of those entitled to draw the pension credit—44%—are not claiming it. When the Minister responds, I will be keen to hear her ideas about how we can ensure that they apply. One of the figures underlining this issue that came up in research is that average weekly unclaimed benefits are estimated at between £1.2 million and £2.3 million, which is a vast amount of money. It is important that we address those issues.

Some 23% of older people across certain parts of Northern Ireland are living in poverty, whereas the figure is 16% in the UK. The Minister referred to how we gauge the extra money in the winter fuel payment to reflect the temperature. I made the point in a Westminster Hall debate earlier this year that I drove from Greyabbey to Newtownards in my constituency, speaking to people along the way, and found different temperatures all the way up the road. Obviously the temperature is lower closer to the coast, but in certain parts of Ards it was below zero, while over in Ballygowan and Comber it was minus 3° or 4°. That is an illustration of how the temperature can vary within a 50 to 60-mile radius.

Why is it crucial that the winter fuel payment is made? Because a failure to do so will mean more referrals to the health service, with elderly care accounting for 21% of all the programme of care expenditure. I will not go into all the figures that others have mentioned, but I will make this point. It is important to make a "pre-emptive strike" when it comes to health, particularly through the winter fuel payment, which plays a clear role. For every death from cold, there are eight hospital admissions and 100-plus visits to GPs and health centres. When we add that to the figures, we know what we have to do about the winter fuel payment—it helps to avoid lots of those issues, too.

Elderly care expenditure per head for Northern Ireland is £2,086, while in Scotland it is £2,313 and in Wales it is £2,109. I would also like to make an important point—the hon. Member for North Down (Lady Hermon) made this point too—about Alzheimer's and dementia. In some

[Jim Shannon]

26 years as an elected representative, I can never recall a time when so many people had dementia or Alzheimer's. We therefore need to enable our senior citizens to enjoy a level of health that will not cost more later on. The winter fuel payment makes that contribution. The Government have stated that they will restore the earnings link for the basic state pension—that was indicated earlier. The income-poverty figures show that 23% of older people live in poverty, while the figure is 16% for the UK. Some 15% of people in Northern Ireland live in severe poverty—the figure is 9% in the UK, up 3% in the last year—while 30% of single women over 75 live in poverty, and 42% of those homes are condemned.

The winter fuel allowance is the biggest topic in my three advice centres. For those who qualify, the situation is simple. The price of oil has increased—indeed, it has never been as high. If the Government have any intention of reducing the winter fuel payment, balancing the books will not happen. Many OAPs have no income other than the state pension, as I said earlier. This was an issue last winter; it was an issue for me at the parliamentary elections a year and a half ago; it was an issue at the Northern Ireland Assembly elections back in May; and it is an even more critical issue today. I urge hon. Members to support our proposal.

Mr Deputy Speaker (Mr Nigel Evans): I call Mr Weir, who is to resume his seat no later than 18 minutes past 7.

7.9 pm

Mr Mike Weir (Angus) (SNP): Thank you, Mr Deputy Speaker. I congratulate my friends in the Democratic Unionist party on bringing forward this important debate. Fuel poverty is an important issue for all of us, and it is worth noting that in Scotland 770,000 homes are in fuel poverty and that, for every 5% rise in energy prices, a further 46,000 go into fuel poverty. Clearly, those, such as pensioners, who are on fixed incomes are much more likely to be affected by these escalating prices.

In an e-mail prior to the debate, the National Pensioners Convention and Greenpeace made the point that the winter fuel payment used to cover one third of a dual fuel energy bill, but it now covers less than one fifth. That shows how much pensioners are suffering. They also make the point, since the Minister raised the issue of cost, that the impact of cold housing on people's health already costs the NHS more than £850 million a year, while restoring the winter fuel allowance would cost only £695 million. It is thus questionable whether there is much of a saving in what the Government are doing. The rises in energy prices cannot be looked at in isolation because just as they rising, so is the cost of road fuel, food and other essentials. Clearly, those, such as pensioners, on fixed incomes are the most affected.

In June this year, I received a written answer from the Secretary of State to a question on energy prices and inflation, which showed that in four out of the last five years, the rise in domestic energy prices—whether we use the retail prices index, the consumer prices index or whatever measure—had outstripped the rate of inflation. That was before the latest round of price hikes. The Government's usual mantra of energy efficiency and switching simply does not wash with pensioners who are struggling to pay their bills. The amount that most people can save from switching is not going to make a significant difference to these bills. That is especially true for the poorest pensioners. To get a better deal on energy bills by switching, they have to move to a direct debit tariff, and many of the poorest pensioners do not have bank accounts or simply like to juggle their bills in the month and do not want to see money coming out of their account on a regular day in the month.

I very much agree that we should insulate our houses and take more measures, but that is a long-term project. What is needed now is relief for our pensioners from ever-escalating bills. In discussing the situation in Northern Ireland, the Minister made it clear that the overall effect of increasing the cold weather payment as against reducing the winter fuel allowance amounted to a cut in the total sums going to pensioners. Frankly, that is irresponsible at a time when prices are escalating.

It is interesting to note the tendency of some Government Members to question whether there should be a universal winter fuel allowance at all, but I would remind them that in the last Parliament they argued against means-testing for pension credit—correctly, in my view—on the grounds that many pensioners would, through pride, not claim means-tested benefit. The same applies here, and I think the Minister's figures on the trial project of direct payment of pension credit clearly demonstrate that there needs to be universality in order to get through to pensioners.

Let me mention one group of special problems for which I suggest there might be cost-free or at least a very low-cost partial solution. It applies to those who are off the gas grid who rely on home fuel oil for their heating—a problem in Northern Ireland and in large areas of Scotland. These people do not get the special tariffs available for those on the grid and, in many of these areas, extending the gas grid is simply not a practical proposition because of the geography of the area. Even worse, in winter time, these people cannot even be sure of the price of their fuel during the time between ordering and delivering, since in many cases a company will not give them a price at the time of ordering—the price was certainly rising high last winter.

I have previously raised the possibility of allowing these people to receive their winter fuel allowance earlier in the year, which would allow them to fill up their tanks when demand and prices might well be lower. It is not an absolute solution, but it might help in some way. I have raised this with energy Ministers before and I was told that they would consider matters, but nothing seems to have been done. We need to look at solutions like this to alleviate a very serious situation.

The hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) talked about the three pillars, and the Minister rightly said that many of these issues were devolved. That is true, but at least two of these pillars—energy prices and the money that comes through benefits—are not devolved matters. The devolved Parliaments and Assemblies thus have a problem in dealing with fuel poverty.

From the outset, the Scottish Parliament has been inventive in tackling these issues. All parties were involved in the central heating scheme in the first instance, and now it has moved on. The current Scottish Government's energy assistance package, which is worth £33 million, has helped 150,000 people on low incomes to reduce

their energy bills. One in six Scottish homes have been visited for a home energy check, which also looks at the benefits side. We all agree that something needs to be done about this, and almost 18,000 installations have been made.

The package was originally targeted at pensioners, but has since been extended to help other vulnerable people in these very difficult times and, in addition to helping pensioners, the scheme has been extended to include the disabled, families with young or disabled children, those with severe disabilities and the terminally ill—and it is to be extended to include those on carers allowance, which could benefit up to another 7,000 households. Next year, the £50 million warm home fund will also begin operation to give additional help to the fuel poor. None of these programmes is cheap; none will ever be cheap. If we go down the road of looking only at energy efficiency, however, we will not tackle the immediate problem. It will take many years before all our homes are energy efficient; the cost of doing it is enormous. Although it is a good thing in the long term, we must also deal in the short term with the immediate problem of getting our pensioners through this coming winter.

7.16 pm

Ian Paisley (North Antrim) (DUP): At the outset, let me thank all Members who have attended and contributed to the debate. My hon. Friends have agreed with most things, but there have been disagreements on some other issues. That, of course, is the mark of a healthy democracy. We appreciate the contributions of all Members to the debate.

On Friday this week, my constituent Bill Carson will lead 190 pensioners up the hill at Stormont into the Senate chamber for the second meeting of the Pensioners' Parliament. It has been a very important Parliament meeting in Northern Ireland, which represents—across all constituencies and across the entire community—the feelings of pensioners and people in the aged sector who have issues to raise with the Government. They will debate the report published in June this year, which deals with all the matters that affect pensioners in Northern Ireland. It is a detailed report and lying behind it is a series of surveys carried out across all constituencies asking thousands of pensioners what issues affected them most and what key matters drove their lives today.

Consistently throughout this report, the pensioners came back to one thing, and one thing only—keeping warm this winter. Indeed, the response was significant. In the Fermanagh and South Tyrone constituency 83.6% of respondents said that the only thing and key thing they were worried about—their No. 1 priority—was keeping warm in winter and energy prices. In Belfast, it was the same: keeping warm in winter and energy prices were the main concern. In my own constituency of North Antrim, it was the same, as it was in Armagh, County Londonderry, County Tyrone and County Down. Right across Northern Ireland, the response was the same.

Nowhere is an island in political terms. The reality is that when a message is as consistent as that and comes back like a tsunami, a response must be made. This House has to face the gauntlet that has been thrown down. The Government must answer the question of what they are prepared to do when pensioners from all across the United Kingdom as well as Northern Ireland say that the issue affecting them most is the fact that they want to stay warm this winter. One of the easiest ways for the Government to help them to stay warm and assist them is through the winter fuel allowance.

As some people might say colloquially, "It's a no brainer"—and it really is a no brainer. I hope that the Government are listening. We are not after argy-bargy with the Government—we can do argy-bargy with them and we have done it with them and other Governments in the past—because that is not what this issue is about. I believe that Members in all parts of the House care passionately about the needs of the elderly, so let us do something about that: let us address the issues simply and straightforwardly.

The average cost per household of heating oil and electricity in Northern Ireland this year will be £2,114. It is higher in Northern Ireland because more people there have to use heating oil. There is no way around that. All the other mechanisms—improving home efficiency, housing standards and so forth—are fine and dandy, and we will get there one day, but the fact remains that in rural areas 82% of people today rely on heating oil for their homes. The Government have a responsibility to address those people's needs, and the winter fuel allowance provides them with the easiest, fairest and most consistent way of doing so.

It should be emphasised that, as my right hon. Friend the Member for Belfast North (Mr Dodds) said in his opening speech, this is a life and death issue. We can skirt around it and play about with it, but actions have consequences, and the actions that will be taken by those on either side of the House tonight will have their own consequences. I put it to Members that if they support the motion to which my right hon. Friend spoke so ably, they will save lives. When we cut out all the baloney and party politics, the bottom line is simple: lives will be saved if we keep this allowance. Whose side are we on? Are we going to save lives, or is there the potential for our actions tonight, and the actions of others in this place, to lead to the loss of more elderly lives?

I want to see energy efficiency in our homes, but, as has been pointed out by John Hills of the interim fuel poverty review group, those on low incomes cannot afford the investment that is required to make their homes energy-efficient. Even when the other available benefits are marshalled, it will take some time for us to get energy-efficient homes. I do not want to get sidetracked into all the other poverty issues, but those on low incomes face a triple whammy: the cut in the payments that we are discussing, the hike in energy costs, and the need for their energy-inefficient homes to be heated. We must address the needs of our elderly people as a matter of urgency.

The hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) suggested an extension in the gas grid in Northern Ireland as a possible solution. We should love to see that happen, but there is not sufficient footfall for it to happen quickly. The rurality of Northern Ireland makes it more difficult to achieve. We will get there, but it will take time. This measure addresses the problem now, deals with the position as it is, and allows us to make progress.

As we were told by my right hon. Friend the Member for Belfast North, £60 million of benefit is unclaimed, sometimes as a result of ignorance but sometimes as a

[Ian Paisley]

result of stubborn pride, and whatever the Government are doing is not enough to encourage people to claim it. We have a solution which is already working, and which gives the Government an opportunity to continue to assist those who are in most need.

The hon. Member for Kilmarnock and Loudoun (Cathy Jamieson) was right to say that the Government would be judged not on the basis of what the previous Government had said and done, but on the basis of what they themselves would say and do. That is the bottom line for the Government tonight. What will they do about this issue? I thank the Minister of State for coming to the House and explaining what the last Chancellor did, what he should have done and what he could have done, but it was convenient enough for him to say all that. What he should say is the right thing: that we—the Government and the House of Commons—will maintain the winter fuel allowance at the higher rate to help pensioners in a way that really works, putting money in their pockets and allowing them to fill their heating tanks, keep warm, and spend the rest of their money on food.

Kate Hoey: Does the hon. Gentleman agree with me, and with many other Members, that if this is about a lack of money and about the economic situation—as the Government obviously feel that it is—we should simply say to the European Union, "We will not pay you this extra amount because we would much rather give it to our pensioners, our old people, than send it to unelected bureaucrats in Brussels"?

Ian Paisley: When I look at some of the Members who are sitting in other parts of the House, I think that this is another issue on which we might unite the House. The hon. Lady is right: where there is a will, there is a way.

The Minister of State spoke of a baseline, which was all about money. Let me extend the musical metaphor and say, "Your baseline was flat, sir, and your ear was not in tune with the needs of the community." If the House is to be relevant, it must be in tune with the needs of our elderly folk out there. It must ensure that their needs are not only properly addressed, but met. The Minister wanted bells and bouquets for what the Government are doing. I do not mean to be dramatic, but the fact is that the cuts they are proposing will bring wreaths, and the bell will toll for the most vulnerable members of society. It is clear that this cut will not deliver the assistance to pensioners that they claim their other policies and benefits will deliver.

I was disappointed when the Minister told us—a little disingenuously, I think—that he had been in contact with the Social Development Minister in Northern Ireland. I am sure that that is true, but I understand that the conversation took place a matter of days ago. The Minister has been in office for a year and a half, and ours is the coldest part of the United Kingdom. I am not a cynic, but I am tempted to suggest that the conversation with the Social Development Minister may have been prompted by today's debate. I hope that if it was, the Minister of State will note what has been said, and will deliver for the House and the people.

I do not think that we should be sidetracked into discussing other possibilities, such as what could be achieved through gas pricing and energy efficiency measures. We should deal with the issue that is on the Order Paper, which is straightforward and simple: will the Government maintain the winter fuel allowance as the public expect them to, and will they keep the promises that were made at the last election? I believe that that is what is fair and right.

7.28 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): I thank Opposition Members for raising this important subject. We have had a lively debate.

Let me begin by emphasising that the coalition Government take the issue of pensioner poverty very seriously. Our record demonstrates that. We pay more than £2 billion in winter fuel payments, and we pay it to more than 12.5 million pensioners, including more than 300,000 in Northern Ireland last year. The payments go to pensioners regardless of their income, and most do not even have to make a claim. I think that Members on both sides of the House agree that the winter fuel payment makes a real difference, ensuring that pensioners can turn up their heating in the knowledge that they will receive the help they need in order to meet their heavy winter bills.

It is regrettable that the last Administration decided not to provide for a temporary increase to become permanent—to last beyond the year of a general election. People can draw their own conclusions about why a temporary increase in winter fuel payments extended in the year running up to a general election but not beyond. It is most telling that the hon. Member for Kilmarnock and Loudoun (Cathy Jamieson), who spoke for the Opposition, failed to pledge to make concrete the previous Government's temporary increase. I say that because she is a shadow Treasury Minister and if she does not know whether the Opposition would make that permanent, who would?

Cathy Jamieson: Will the Minister accept that it is time that this Government took responsibility for their actions? The decision whether to pay this increase is entirely down to this Government, and it would be irresponsible for anyone on the Government Benches to suggest otherwise. It was not the previous Government but this Government who took the decision on this budget.

Maria Miller: I think the House will draw its own conclusions from the fact that the hon. Lady again failed to take the opportunity to make clear what the Labour party's policy is on this issue. The coalition Government have made permanent the increase in the cold weather payment from £8.50 to £25. Again, hon. Members on both sides of the House will be pleased to hear that that money is going to the most vulnerable of our constituents. Some 2.7 million pensioner households receiving pension credit also receive the cold weather payment.

The coalition Government are taking real steps to protect pensioners, which is why one of our first actions was to restore the earnings link with the basic state pension. We also gave a triple guarantee that pensions

will be increased by the highest of growth in average earnings, price increases or 2.5%. Pension credit is also available for those who have low incomes, and we have continued key support for older people such as free NHS prescriptions, travel concessions and free television licences. For the longer term, we will need to help prevent people from retiring into poverty. Again, our actions are speaking louder than mere words, through the automatic enrolment in workplace pensions.

Hon. Members have made a strong case as to why fuel poverty is a real issue for many vulnerable people, including pensioners living in Northern Ireland. The differences in Northern Ireland are clear, and hon. Members have made that point in this debate. That is why Northern Ireland receives not only the support from pension credits, winter fuel payments and cold weather payments, which are provided for the rest of the UK, but a block grant of some £10.4 billion in funding for the Executive to address the particular priorities of Democratic Unionist party Members and other Northern Ireland Members. That money goes along with some £6 billion to pay for the cost of social security and pensions. We should not forget that Northern Ireland receives almost 25% more in spend per head of population than England, in recognition of the real issues that individuals living in Northern Ireland face.

Mr Dodds: The Minister makes a very valid point, but will she also acknowledge that, as we have highlighted in this debate, the people have horrendously higher needs in Northern Ireland, which arise because of ill health, fuel poverty and so on? Our energy prices are also much higher than those in the rest of the United Kingdom, so what she says needs to be put into perspective.

Maria Miller: I understand the point that the right hon. Gentleman is making. Indeed, that is why the block grant is so sizeable, and it is important that we recognise that.

Although we clearly want to address these issues here in Westminster, it is important that we work closely with colleagues in the Northern Ireland Executive. As the Minister of State, Department for Work and Pensions, my hon. Friend the Member for Thornbury and Yate (Steve Webb), mentioned, I was in Belfast only last week meeting the Minister for Social Development to discuss child poverty issues in particular. Addressing fuel poverty is a devolved matter for the Northern Ireland Executive, and they are well placed to determine what measures should be in place to meet local needs. Hon. Members will be aware that earlier this year Northern Ireland launched its own fuel poverty strategy, which set out key areas for improving the situation for local people. I hope that after today's debate the Executive may consider some of the initiatives in England and Great Britain, particularly the obligation on energy suppliers, which could well be other ways to improve things over the water.

We heard important contributions from right hon. and hon. Members across the House today, but there have been some puzzling absences. Where is the shadow Minister for older people? Where is the shadow Secretary of State for Work and Pensions? We welcome the hon. Member for Kilmarnock and Loudoun, but she is the shadow Financial Secretary—perhaps that is telling in terms of how the Opposition are dealing with this issue.

The right hon. Member for Belfast North (Mr Dodds) made a number of important points, and he talked about benefit take-up. I hope that he can bring himself to support the work that my Department is doing, through the introduction of universal credit, to improve the working age take-up of benefits. That is slightly different from the issue we are discussing today relating to pensioners, but it will make an important contribution.

The hon. Member for Kilmarnock and Loudoun made a number of important points, and I thank her for that. The very existence of the winter fuel payment does help with people's mental housekeeping and reassures older people that they can afford to turn up the heating, as she recognised in her contribution. However, I must say to her that tackling fuel poverty in Northern Ireland is a matter for the Northern Ireland Executive. We have to make sure that those important devolved matters are dealt with at a local level. As I said, she was not clear about the Labour party's stance on the winter fuel payment, but perhaps she will clarify it in the closing stages of this debate—or perhaps she will not.

The Minister of State talked about the importance of prioritising those most in need and he highlighted the fact that we have reversed Labour's cut to the cold weather payments. My hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) highlighted the fact that we are dealing with a complex set of factors. I have to be careful now, because I think that I have to correct the hon. Member for South Antrim (Dr McCrea). He said that we were cutting support for the most vulnerable but that is absolutely not the case. We are reversing Labour's proposed cuts to the cold—

Mr Dodds *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Main Question accordingly put.

The House divided: Ayes 205, Noes 280.

Division No. 397] **[7.37 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Blackman-Woods, Roberta
Blears, rh Hazel
Blomfield, Paul
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Connarty, Michael
Cooper, Rosie
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon

Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Elman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hilling, Julie
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Love, Mr Andrew
Lucas, Caroline
MacShane, rh Mr Denis
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Ruane, Chris
Ruddock, rh Joan
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Spellar, rh Mr John
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Watts, Mr Dave
Weir, Mr Mike
Wicks, rh Malcolm
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Woodward, rh Mr Shaun
Wright, David

Tellers for the Ayes:
David Simpson and Jim Shannon

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Beresford, Sir Paul
Berry, Jake
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burt, Lorely
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Green, Damian
Greening, rh Justine
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Herbert, rh Nick

Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Laws, rh Mr David
Leadsom, Andrea
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Sir Robert
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Swayne, rh Mr Desmond
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Webb, Steve
Wharton, James
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Wilson, Mr Rob
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
James Duddridge and Stephen Crabb

Question accordingly negatived.

Judiciary and Fundamental Rights

7.52 pm

The Minister for Europe (Mr David Lidington): I beg to move,

That this House takes note of Unnumbered Explanatory Memorandum of 7 July 2011, the European Union Common Position on Judiciary and Fundamental Rights (Negotiation Chapter 23), relating to EU enlargement: Croatia; and supports the Government's decision to agree the Draft Common Position at COREPER on 29 June and to adopt formally that agreed position at European Council on 12 July.

This debate concerns the European Union's common position on the judiciary and fundamental rights chapter—chapter 23—of the accession negotiations for Croatia. It also concerns the Government's policy of agreeing that EU common position in Brussels in June and formally supporting its adoption at the Economic and Finance Council on 12 July. During the debate, I hope to bring the House up to date on some of the more recent developments in the Croatian accession process and on the various reports of the European Commission about the improvements that Croatia has made.

I shall start by addressing the more general question of enlargement before moving on to where Croatia fits within the process. The United Kingdom is, and has been from the start, a strong supporter of EU enlargement as an effective and dynamic agent of change. In a changing world in which economic and political weight is swinging eastwards, the European Union will remain strong only if it is outward-looking and continues to grow. Successive British Governments have believed that membership of the EU should be open to any European country that wants to join and meets the rigorous accession criteria.

There are three key arguments for our consistent, cross-party support in the House for the process of EU enlargement. The first such argument is one of principle. The European treaties make it clear that membership of the European Union is in principle available to any European country that wants to join and that meets the accession criteria. It is very hard to establish any reasonable ground on which we could say to Spain, Portugal or France that they should be a member of the European Union but to Croatia or another country of the Balkans or eastern Europe that they should not—if they meet the accession criteria. I stress that second element. Support in this country for enlargement goes back a long way. Some 23 years ago, in her Bruges speech of 1988, Margaret Thatcher declared, at time when it was not fashionable or even believable to do so, that it was important for everybody in Europe to remember that Prague, Warsaw and Budapest were also great European cities.

Mike Gapes (Ilford South) (Lab/Co-op): Will the Minister also confirm that Istanbul is a European city and welcome the fact that President Gul of Turkey is here this week on an official visit? Does he look forward to the day when Turkey can also take its place in the European Union?

Mr Lidington: Yes, I certainly support what the hon. Gentleman has said. Labour and Conservative Governments alike have consistently taken the position that we support Turkey's ambitions to join the European Union. That accession process has helped to drive both political and economic reform within Turkey, and we want to see further progress being made at the earliest possible date.

Keith Vaz (Leicester East) (Lab): I completely agree with what the Minister says. There has been cross-party support for the enlargement process, but when I held his job more than a decade ago there were 12 candidate countries beating at the door of the EU and asking to be admitted. At that stage, quite a lot wanted to join, so why does he think so few countries now want to join the EU?

Mr Lidington: I bow to the right hon. Gentleman's experience, because I think he was quite a long-serving Minister for Europe. Part of the answer to his question is that there are now rather fewer European countries outside the European Union than was once the case. However, one thing that is common to the political leaderships of all the countries in the western Balkans is an ambition to become part of the European family of nations. We in the UK sometimes underestimate that strength of feeling. They regard membership of the EU as setting the seal on their democratic development and on the restoration of their place in the European family.

Mr Peter Bone (Wellingborough) (Con): While we are having a trot around Europe, let me ask about countries such as Moldova that want to join the European Union. Does the Minister agree that what they really want is to join a free trade area rather than some sort of superstate?

Mr Lidington: In my conversations with Moldovan Ministers I find that they have ambitions for more than just a trading relationship. Certainly, when I have met the Moldovan Prime Minister, Foreign Minister and deputy Foreign Minister, they have stressed to me that they see value in market integration with the single market. However, they also see the move towards meeting European standards on democratic governance, rule of law and respect for human rights as in the interests of the people of Moldova, enabling them decisively to relegate to history their experience of Soviet rule over so many decades. Although Moldova is not a candidate for European membership at the moment, I have said publicly in Chisinau—I think I am still the only British Minister who has been to the British embassy in Chisinau—that we supported Moldova's work within the Eastern Partnership as a matter of principle and that if it wished to take that further and in due course apply for membership and comply with the demanding accession criteria, the United Kingdom would strongly support and encourage that.

The second argument for enlargement develops from what I have just said to my hon. Friend the Member for Wellingborough (Mr Bone). There is a powerful political case for the enlargement of the European Union. Enlargement helps to create stability, security and prosperity across Europe. We see this most dramatically if we look at the recent history of central and eastern Europe. We have seen how the process of EU accession has helped to entrench democracy, the rule of law and human rights in parts of our continent where those values and traditions were crushed for most of the 20th century.

If the House contrasts the experience of central and eastern Europe in the 20 years from 1919 to 1939 with the 20 years from 1989 to 2009, it will see the difference that the institutionalisation of democratic reform through

the EU accession process has made, and made for the good. Although I would happily say to my hon. Friends and to some hon. Members on the Opposition Benches that there are plenty of faults in the way the EU currently does business and the way it is constructed, when we weigh up the value of the European Union and the United Kingdom's membership of the European Union, we need to take account of that rather proud political record in support for the development of a culture of human rights, the rule of law and democratic government in parts of Europe where those traditions have been absent for so long.

Chris Heaton-Harris (Daventry) (Con): Will my right hon. Friend comment on Macedonia, which is keen to join the accession process? Is it not a fact that Croatia or any other country that wants to enter the European Union is signing a pact—a contract—to join the euro? What would be his advice to such countries on doing that at this time?

Mr Lidington: My advice is that that has to be a sovereign decision for the country concerned. I do not waver in my view that joining the euro would not be in the national interest of the United Kingdom, and I make no apology for having long held that view, but each country must take its own decision. Some countries with small economies, which are, perhaps, very dependent on trade with immediate European neighbours, would find it more difficult to see themselves outside the euro, at least over the longer term, than a country such as the UK. At the end of the day it must be a matter for each accession country to decide for itself in the course of EU negotiations.

The third argument for enlargement is an economic one and it is—

Matthew Hancock (West Suffolk) (Con): Before my right hon. Friend moves on to that further point, is there not an important and slightly more domestic political benefit to support for enlargement of the European Union? There are more countries in the European Union that want to see a less deeply aligned European Union and more of a trading union, which we on the Conservative Benches also want to see. The more countries with that view of Europe, the better. Therefore accession countries with that view and that approach to markets should be encouraged.

Mr Lidington: My hon. Friend makes a very strong point indeed, although it would be a mistake to class all new accession countries as if they were of one mind and part of a bloc. The Government of the Czech Republic, for example, take an approach towards the European Union that on many issues is not dissimilar from that expressed by the United Kingdom Government. With the Slovak Parliament's controversial debate over the future of the euro, we have seen the strong view that even a small member state is entitled to have a say and not be overruled by a directoire of the larger member states.

However, I caution my hon. Friend. If one looks at, say, Estonia, the ambition that it had to join the euro, and the celebrations on the streets when it joined the euro—*[Interruption.]* The hon. Member for Wolverhampton North East (Emma Reynolds) prompts me from a sedentary position about Poland, which is keen to be in the euro one day, but certainly not to be told what to do by other, older member states. There is a variety of different positions among member states.

The political value of enlargement is partly that it recognises the truth about the diversity of European political culture. It is important that as the EU evolves and reflects upon its own systems of governance and its institutional set-up, it does so in a way that takes full account of the diversity of European political and cultural experience. The model that may have served six member states in western Europe in the 1950s will not be the right one for a community of 27—soon to be 28—member states encompassing all parts of our continent.

The third argument for enlargement relates to economic interest. The economic benefits of expanding the single market are significant. British exports of goods and services to the 12 new member states of central and eastern Europe increased over the 10 years straddling their accession by more than two and a half times to over £11.6 billion in 2009. So there are advantages for our businesses and our people, as well as for the businesses and people of the accession countries. In Croatia's case, meeting the single market rules means that British businesses will be better able to benefit from trade and investment opportunities in that country—for example, in Croatia's expanding ports sector, its tourism industry and agriculture.

Mr Philip Hollobone (Kettering) (Con): I want to challenge my right hon. Friend on the idea that an expanded Europe is good for security and stability. I declare my interest as a special constable with British Transport police. If one speaks to the British Transport police or the Metropolitan police, they say that every day police officers in London are arresting more and more EU nationals from eastern European countries, particularly Bulgaria, Romania and other accession states, as part of criminalised gangs working in London because London is the biggest, most cosmopolitan city in the European Union. With the EU expanding, the problem of crime on the streets of our capital city is getting worse because of the ease of access across international borders.

Mr Lidington: I pay tribute to my hon. Friend's voluntary work for the British Transport police. I certainly believe that it is important that we ensure that the freedom of movement that comes with membership of the European Union is not applied in a way that can be abused. It is right that somebody who is coming here to take a job—in some cases it will be a job that British people have been unwilling to take on; one talks to a lot of employers who will say that—should be entitled to do so. If they are prepared to come here, live by the law, work hard, pay their taxes and make a contribution to society, few of us have problems with that. But I completely agree with my hon. Friend. If people seek to abuse the system and have come here to exploit our welfare system or to commit crime, the full rigour of the law should be applied against them.

Mr Bone: Will the Minister give way on that point?

Mr Lidington: I will give way once more to my hon. Friend, then I shall make some progress.

Mr Bone: The Minister, as usual, is being extremely generous. Is not the trick to put on a proviso that people coming from new accession countries will need a work permit to come and work in this country? In that way we can ensure that we get people into the EU, without necessarily worrying about flooding the market here for workers.

Mr Lidington: It certainly was a mistake made by the previous Government that the transitional controls that could have been applied to some of the new member countries were not applied. We are taking very seriously the transitional arrangements that still apply to Romania and Bulgaria. I would also say to my hon. Friend that the process of enlargement and the market integration that goes with that should over time—I accept that this is not an instant process—enable those countries to generate economic growth and employment opportunities themselves that make the sort of migratory pressures from unskilled workers less acute than he identifies them at the moment.

Further enlargement depends upon countries meeting accession criteria that are both fair and rigorous, and it is important when considering Croatia's case to recognise that this conditionality has been further developed since the accession of Romania and Bulgaria, learning from the lessons of the accession experience of those countries, and that conditionality is of critical importance to protect the credibility of the enlargement process and to encourage future EU expansion.

The EU's approach to negotiations with Croatia was guided by the European Council's 2006 renewed consensus on enlargement. That was agreed in response to the lessons learned from previous negotiations with Bulgaria and Romania. In particular, it led to the creation of an entirely new chapter, chapter 23, to cover judiciary and fundamental rights. That arrangement, I stress, did not exist in previous accession negotiations. Croatia has therefore been through a much more rigorous accession process, especially over the matters that we are debating this evening, than did either Romania or Bulgaria.

Chapter 23 focused on ensuring that Croatia has a strong and independent court system, is tackling corruption and organised crime, is protecting fundamental rights and is dealing with the legacy of the Balkans' wars in areas such as war crimes trials and refugee return. Chapter 23 was opened in June 2010, after the United Kingdom, working closely with partners, secured comprehensive and robust closing benchmarks. These included a requirement that Croatia co-operate fully with the international criminal tribunal for the former Yugoslavia.

The Commission published in March 2011 an interim report that concluded that Croatia had made considerable progress against closing benchmarks for chapter 23 but still had further work to do, and as a consequence of that Commission report, Croatia accelerated its efforts. We agreed with the Commission's subsequent assessment, set out in the draft common position of June 2011, that over the six years of its accession process Croatia had undertaken significant reform efforts in the area of the judiciary and fundamental rights, that it had worked to improve the independence, impartiality, efficiency and professionalism of the judiciary, and it had improved its handling of domestic war crimes trials, strengthened the fight against corruption and increased Croatia's protection of fundamental rights.

But I emphasise that that support for the common position does not mean that we accepted at that point that Croatia had done all that needed to be done, nor indeed had the European Commission made that conclusion. The key judgment is whether Croatia will be able to assume in full the obligations of EU membership from the date of its accession, which is proposed for 1 July 2013. The Commission recommended closing chapter 23 on the basis of its assessment that Croatia's track record in these areas indicated that the reforms were sustainable and would not slip backwards after the conclusion of negotiations.

Crucially, the Commission also underlined the importance of Croatia continuing to develop a track record of implementation across the board. This last stipulation is very important, and one for which we worked hard during the negotiations. We secured a number of improvements in the EU common position, building on strong language included in the 24 June European Council conclusions. The key passage in those conclusions reads:

> "Croatia should continue its reform efforts with the same vigour, in particular as regards the judiciary and fundamental rights, so as to be able to assume fully the obligations of membership from the date of accession. Monitoring up to accession of these reform efforts will give the necessary assurance to Croatia and to current Member States."

We are determined that Croatia should fully meet EU requirements across the board, and particularly over chapter 23, by the time of accession, and we are determined to see that there is no backsliding. In fairness, Croatian Ministers repeatedly say, in bilateral meetings or at EU gatherings, that they are committed to ensuring that progress continues. During the final weeks of negotiation, we secured agreement to additional monitoring arrangements for Croatia, which will continue right up until its accession. We expect each of the Commission's six-monthly reports on chapter 23, the first of which was issued on 28 October 2011, to show clear progress. I should say that the report issued on 28 October is still being analysed in detail by officials in my Department, but I undertake this evening to deposit copies of that report in the Library of the House and to write to the European Scrutiny Committee in order to draw its attention to the conclusions of that document.

A comprehensive monitoring report will be presented to the European Parliament and to the Council in the autumn of 2012, and these six-monthly reports, together with the comprehensive report next autumn, will allow both Governments and Parliaments right across the European Union to assess Croatian progress towards full alignment with the acquis and with European standards by the time of accession.

Croatia is fully aware that the monitoring measures now put in place enable the Council to take what are termed "all appropriate measures", as agreed at the 24 June European Council, if issues of concern are identified during the monitoring process. A system of sticks and carrots is built into the pre-accession monitoring process to enable the Commission, on behalf of member states, to keep a very close eye on the detailed progress that Croatia is making and to flag up any concerns that might be discovered about backsliding.

Croatia is also aware that in order to accede to the EU on the target date of 1 July 2013, her accession treaty must have been ratified by each of the 27 member

states, including by this Parliament. As the House knows, the Croatian accession treaty will require ratification under the terms of the European Union Act 2011, and that will require primary legislation going through both Houses of Parliament here. It seems to me that Croatia knows that it must address thoroughly all the concerns of the member states if it is to secure that full ratification.

On the basis of the clear progress already achieved by Croatia, together with this pre-accession mechanism for robust monitoring right up to accession, we agreed to close negotiations on chapter 23. Since the closure of those negotiations earlier this year, Croatia has continued to make progress in implementing the necessary reforms. This was noted in the Commission's progress report, published on 12 October 2011. I want to highlight the progress that has been made in several areas, which the European Scrutiny Committee identified as important in its 38th report to the House.

The Commission's report notes that Croatia has made substantial progress on judiciary and fundamental rights, and that reform of the judiciary has continued. Croatia has continued to demonstrate progress on updating its judicial reform strategy and action plan, and it has also continued to work on strengthening the protection of minorities, with good progress on refugee returns. In support of an autonomously functioning stable judiciary Croatia has, for example, made changes to its Conflict of Interest Act to depoliticise appointments to the supervisory boards of state-owned companies, as well as to membership of the conflict of interest commission itself, and that commission has already received 3,000 Croatian officials' declarations of assets.

Mr Hollobone: My hon. Friend mentions that progress on refugee returns has been good, but as I understand it, Croatian co-operation has fallen some way short of being full, because whilst the overall case backlog on outstanding refugee return issues has fallen by 10,000, there were still 785,561 to go. Why is that good progress? It seems very small progress to me.

Mr Lidington: I will move on to that in a moment, because we certainly agree that Croatia has a lot more to do. I do not pretend that everything is fine and dandy, because more needs to be done, but I am saying to my hon. Friend and to the House that Croatia's continued progress since the closure of negotiations early this year encourages us to be confident in the political resolution of Croatia's Government and opposition parties to take forward compliance with European standards with the necessary determination and speed.

Keith Vaz: I am grateful to the Minister, who is being extremely generous in giving way to so many Members. One concern that we must address is the tendency for the focus from Brussels suddenly to disappear when a country joins the EU. A lot of time is spent negotiating the acquis, but once countries join no one seems to bother about them. Does he agree that it is important that the monitoring process continues even though those countries are full members of the EU and that there should be some kind of buddy principle that allows some countries to assist others in the process of fully integrating into the EU?

Mr Lidington: I recognise the right hon. Gentleman's point, and describing it as a buddy system makes it sound quite cuddly and attractive, but I would not want to make routine the experience of the mechanism for co-operation and verification that was invented for the accession of Romania and Bulgaria. Whether one talks with political leaders in those countries or in some of the older member states, one finds a common recognition that that was a very unhappy way for those negotiations to turn out and that it left those two countries feeling that they are being treated as second-class members, even though their accession treaties have been negotiated, signed and ratified by everyone. It has left some of the older member states feeling that the decision to allow Romania and Bulgaria to accede was agreed without all the standards being adequately met.

The introduction of chapter 23, which was used for the first time with Croatia, has been a significant step forward in trying to address up front, before we get to the end of accession negotiations, let alone ratification of an accession treaty, the problems that have persisted with Romania and Bulgaria that we seek to address through the mechanism for co-operation and verification.

The right hon. Member for Leicester East (Keith Vaz) might already know that we are discussing some interesting proposals from Commissioner Füle, the Enlargement Commissioner, to develop a new approach towards enlargement that would seek deliberately to front-load some of the most difficult elements of an accession negotiation precisely so that an accession state not only can implement challenging reforms, but has time to develop a track record so that we can see the results of those reforms, rather than those being addressed at the last stage of negotiations when questions are inevitably asked about whether the reform will be sustained over a long period of time. It is important that we learn from experience. I do not want us to repeat in future cases the experience of Romania and Bulgaria.

The Commission's report also noted substantial progress in the fight against corruption, including continued political commitment and a number of further investigations launched and indictments and court rulings issued, including at high levels. The most high-profile case, the trial of former Prime Minister Ivo Sanader for diversion of funds, opened in November this year. However, I want to emphasise that the Government completely accept that Croatia still has more to do. A number of judicial reforms are still at a very early stage. The long-standing issue of case backlogs in old civil cases and enforcement decisions remains a problem, although numbers have decreased. We will be looking for rapid progress once the new enforcement law and public enforcement agency become operational in January 2012.

Although the handling of domestic war crimes cases has improved, the issue of impunity needs to be thoroughly addressed. We welcome the adoption of a new strategy on impunity that recognises the existence of uninvestigated and unprosecuted crimes and the creation of new dedicated specialist chambers for war crimes trials. In June, criminal charges were raised in 84 such cases. Continued full co-operation with the International Criminal Tribunal for the Former Yugoslavia is also particularly important. We constantly stress that to Croatia and fellow EU member states and remain in contact with Chief Prosecutor Brammertz, whom I met a couple of weeks ago in the Hague, in order to ensure that we are fully up to date with his thinking about the co-operation of the Croatian authorities with ICTY.

[Mr Lidington]

We welcome the Croatian Parliament's adoption on 21 October of a declaration on the promotion of European values in south-east Europe, which states a firm commitment from Croatia that bilateral issues such as border disputes must not obstruct the accession of candidate countries to the EU from the beginning of their accession process.

Britain has been helping Croatia to tackle many of the concerns relating to outstanding reform. If the House wishes, and I catch your eye, Madam Deputy Speaker, I will be happy during the concluding remarks to address that in more detail or to write to interested Members. Bilateral assistance currently runs at nearly £500,000 a year, carefully targeted in particular on some of the judicial and rule-of-law reforms where outstanding work is still needed.

In conclusion, Croatia has made great progress over the course of its accession negotiations in meeting the rigorous closing benchmarks set for each negotiating chapter. The United Kingdom was also successful in securing robust pre-accession monitoring that will enable this House to maintain a close watch on the further progress that we still need to see. It was on this basis that the Government were able to agree to close negotiations with Croatia and agree a target date of 1 July 2013 for EU accession. Croatia still has more to do over and above that required by closing benchmarks, but the Commission has reported continued progress since the closure of negotiations and we expect Croatia to continue to make swift progress towards finalising its full alignment with EU requirements before 1 July 2013. We have heard from the Commission within the past few days that it will propose that the draft decision on Croatian accession will be agreed at the General Affairs Council on 5 December to enable the treaty of accession to be signed by Heads of State and Government at the European Council on 9 December. I shall be writing imminently to the European Scrutiny Committees of this House and the House of Lords to set out the Government's approach to that draft decision.

Croatia is a friend of the United Kingdom, but we shall be a candid, honest friend, who will monitor closely Croatia's evolving track record and speak openly to our Croatian friends about the work that still needs doing.

We expect the Croatian Government to act rapidly to implement the remaining necessary reforms, and her continued commitment to reform provides an excellent example to the other countries of the western Balkans in pursuing their European future.

Croatian accession will represent the achievement of an historic goal not only for Croatia, but for the European Union. The enlargement process has encouraged and supported reform and transformation in Croatia, a country now only a few small steps from being a fully prepared member of the EU.

We now look to Croatia to take those last remaining steps, by which it will have fully met the strict requirements for entry to the European Union, and I commend the motion to the House.

8.29 pm

Emma Reynolds (Wolverhampton North East) (Lab): I welcome the opportunity to debate Croatia's accession to the European Union and, in particular, its progress under chapter 23 on judicial and fundamental rights.

As the Minister has underlined, there is in the House a broad, cross-party consensus on enlargement. When our party was in government, we supported the path of accession for the western Balkans, and we are pleased that significant progress continues to be made. In effect, the progress is remarkable, given that it is only 16 years since the signing of the Dayton accords, which put an end to the worst outbreak of violence seen in Europe since 1945.

In the early 1990s, Yugoslav republics collapsed into war, with friends and neighbours pitted against each other in the name of ethnic and religious nationalism. One of the principal objectives and greatest achievements of the European Union has been to put an end to the wars that wrought so much damage on Europe in the first half of the 20th century. It is therefore right that the EU should support the membership aspirations of the western Balkans, and we are proud of the fact that under the previous, Labour Government, Slovenia joined the European Union and the negotiations that Croatia began made significant headway.

With European Union membership comes responsibility for reform, however, and it is right that any discussion of accession involves detailed and complex benchmarks, so it is testament to the dedication and intellectual rigour of the European Scrutiny Committee that it has concentrated on chapter 23, a highly important area where progress is vital.

The Committee is right to stress, and the Minister also underlined, that lessons must be learned from the accession of Romania and Bulgaria. That experience led directly to the introduction of the new chapter, which covers a range of areas, including the appointment and independence of judges and prosecutors, tackling corruption, the protection of fundamental rights and, importantly, Croatia's co-operation with the International Criminal Tribunal for the Former Yugoslavia. Each area is crucial to an effective, modern and democratic state that protects its citizens from discrimination and roots out corruption.

While we were in government, we paid particular attention to progress in that area. We also led the way in putting pressure on the western Balkans to co-operate fully with the International Criminal Tribunal for the Former Yugoslavia. At that time, we were concerned about the Croatian Government's level of co-operation with the ICTY, and we exerted pressure on them to find and release key military documents from the period in question.

In April, former military commanders, Ante Gotovina and Mladen Markac, were sentenced by the court for their role in the war. Their convictions are important not only because justice has been done, but because it sends a powerful signal to military commanders everywhere that the international community can and will pursue the perpetrators of war crimes.

We welcome the recent report of chief prosecutor Brammertz, which states that the Croatian Government are providing "timely and adequate" responses to requests for witnesses and evidence, while expressing disappointment at the "limited progress" in locating the military documents relating to Operation Storm. The Opposition place a high value on Croatia's continued co-operation with the ICTY. Engaging constructively with the court is a test of Croatia's willingness to draw a line under its past and to look forwards to a brighter future within the EU.

We welcome the Croatian Government's strategy, adopted in February, for addressing impunity. In particular, we welcome the improvements in witness support and the new legislation for four specialised war crime chambers. Although Croatia has clearly made some progress in investigating and prosecuting domestic war crime cases, considerable progress still needs to be made.

Given that the strategy still needs to be systematically implemented, will the Minister tell the House in his winding-up speech whether he is satisfied that priority is being given to the most serious war crimes cases? Are cases in which the alleged perpetrators were members of the Croatian security forces being investigated and pursued? Are the Government assisting the Croatian Government in that important area?

We welcome the active role that Croatia is playing in regional co-operation. It is vital that Croatia maintains good relations with its neighbours, and in particular we welcome its support for the membership aspirations of other western Balkan countries. The visit of the Croatian President to Serbia and the Serbian President to Croatia marks an important step in the improvement of relations between the two countries.

It is vital that Croatia's significant reforms on the independence, accountability and professionalism of the judiciary are carried through. We welcome the new state school for judicial officials, which will recruit and train judges and prosecutors. That is essential to ensuring that candidates are selected on the basis of merit not patronage. However, the new state school will not produce graduates until 2013. Has the Minister discussed that issue with his Croatian counterpart and is he satisfied that, prior to accession, Croatia will be able to push forward in that area?

In its most recent report on enlargement, the European Commission states that there has been "substantial progress" on anti-corruption measures. It is, indeed, encouraging that a raft of measures have been implemented as part of the Croatian Government's anti-corruption action plan, including the introduction of a new police Act to make the police more professional and, crucially, to depoliticise the force. A requirement for Government officials to register their assets has also been introduced. As the Minister said, it is promising that high-level corruption cases are being investigated, including the case against the former Prime Minister, and that the accounts of the party of the current Prime Minister are also being looked into.

However, corruption is one of the areas of most serious concern in this chapter. The Commission states that more needs to be done to establish a track record in the effective handling of organised crime and corruption and local and high-level corruption cases, including cases related to public procurement and the judiciary. Although it is clear that the Croatian Government are seized of the importance of that issue, will the Minister reassure the House that he is confident that those measures will be effectively implemented prior to accession?

We welcome the recent comprehensive study and subsequent action plan on the representation of national minorities in the public sector in Croatia. However, as the European Scrutiny Committee and the hon. Member for Kettering (Mr Hollobone) have highlighted, there remains a substantial backlog of housing appeals from those refugees wishing to return and fewer than half the available housing units have been handed over to successful applicants. More progress on that issue is needed to provide assurances that the Croatian Government are committed to honouring their pledges to refugees seeking to return.

On another issue, a recent gay rights parade in Split was attacked and the police failed to protect those on the march. In winding up, will the Minister say whether he has discussed that incident with the Croatian Government, whether he is satisfied that freedom of speech and expression can be secured, and whether discrimination on the grounds of sexual orientation is being tackled by the Croatian Government?

After the experience of the accession of Romania and Bulgaria, we welcome the introduction of this new chapter, as well as the introduction of a new monitoring mechanism. It is clear that once countries become EU members, it is very difficult to apply pressure for improvement and change, so the pre-accession period is incredibly important. Is the Minister satisfied that his Government, and more widely the EU, has sufficient leverage in the period between the signing of the accession treaty in December and accession itself in July 2013? What more can the Government do to help Croatia deliver those changes?

In conclusion, Croatia's preparation for accession has been rigorous to date. Both the nature and number of reforms introduced in a short period have been impressive. However, in terms of chapter 23, it is evident that Croatia still needs to demonstrate a track record on implementation and enforcement. We will continue to scrutinise the work of the Government and the European Union in its monitoring of progress during the pre-accession period. It is particularly important to monitor reforms with regard to the recruitment and independence of the judiciary and the measures introduced to tackle corruption.

Following Slovenia's accession and given the war that blighted the western Balkans in the 1990s, Croatia joining the EU will be an historic moment. Providing the reforms in this area are carried out and successfully implemented, and providing that the House ratifies the accession treaty of Croatia, we look forward to welcoming Croatia into the European Union.

8.39 pm

Andrea Leadsom (South Northamptonshire) (Con): I should like to start by putting on the record my congratulations to Croatia on getting this far in its process towards accession to the European Union. I am a big fan of an expanded single market because I genuinely believe that it is in the interests of all EU member states. I share the relief of the hon. Member for Wolverhampton North East (Emma Reynolds) that the aspiration of Balkan countries to accede to the EU has laid to rest some of the final outstanding issues relating back to the tragic war in the Balkans. That can only be good news.

I want to make a few short remarks about procedures with regard to EU legislation generally and the motion specifically. The European Commission's assessment of Croatian progress towards achieving its obligations under chapter 23 says:

"Across the board an appropriate legal framework and the necessary implementing structures and institutions are generally in place, administrative capacity is being continuously strengthened and track records of results have been established or continue to

[Andrea Leadsom]

be developed, thereby ensuring the overall sustainability of reforms. Provided Croatia continues its efforts and meets the commitments it has undertaken, further concrete results should follow."

That is two cheers, in a way. It is clear that Croatia is not there yet, but there is great hope that it will continue to make progress towards the date of its accession. There are all sorts of safeguards by which the EU could start to impose sanctions against Croatia if it does not continue in that work. It would be of enormous benefit to this House if the scrutiny of such scrutiny were to take place more broadly within Parliament prior to coming to the Chamber for a debate on a specific motion.

In its scrutiny of the proposals, the European Scrutiny Committee concluded that Croatia still has a long way to go before it achieves the standards set by the Commission and noted that Bulgaria and Romania have still not reached those standards since joining in 2007. Although, as my hon. Friend the Minister said, chapter 23 was introduced only in 2010, Bulgaria and Romania could have been expected to have made further progress by now, and there is still the question mark over whether Croatia will make the necessary progress.

I am aware that my hon. Friend is looking at the general question of parliamentary scrutiny of legislation. On 20 January this year, he said in a written statement to this House that EU scrutiny must be enhanced. Under the chairmanship of my hon. Friend the Member for Daventry (Chris Heaton-Harris), the Conservative European research group wrote to my hon. Friend about the need for enhanced scrutiny, particularly of EU legislation.

As a final addition to this little trio of ideas, yesterday a group of us went to meet the British delegation of MEPs in Brussels, and they said that they find that the other House is far better than this House at engaging with EU legislation as it comes down the track. That is a great shame.

Martin Horwood (Cheltenham) (LD): The Liberal Democrats' international affairs committee also wrote to the Minister on this subject. Would the hon. Lady support one of our proposals, which was for European prospective legislation and documents to be scrutinised by the specialist Select Committees that we already have, as well as by the European Scrutiny Committee, thereby allowing those with expertise in environmental issues to scrutinise environmental legislation and so on?

Andrea Leadsom *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. We are not discussing the broader question of scrutiny of all European matters. This is specifically a debate that is mainly about Croatia, and I therefore hope that the hon. Lady will now come back to that subject. She has got her point on the record, and so has the hon. Gentleman.

Andrea Leadsom: Thank you, Madam Deputy Speaker. I accept your guidance entirely. Nevertheless, I would just like to respond to the point made by the hon. Member for Cheltenham (Martin Horwood). I do agree that scrutiny, particularly of Croatia—

Madam Deputy Speaker: Order. The hon. Lady must respond only with regard to Croatia. I hope that she will not respond to the hon. Gentleman's point about his party's proposals for scrutiny. We are not discussing that; we are discussing Croatia.

Andrea Leadsom *rose—*

Chris Heaton-Harris: Will my hon. Friend give way?

Andrea Leadsom: I will give way to my hon. Friend.

Chris Heaton-Harris: Specifically in relation to Croatia's accession to the European Union, does my hon. Friend think that it would have been helpful if the Foreign Affairs Committee had had purview over this matter so that an extra dimension could have been brought into this debate?

Andrea Leadsom: My hon. Friend is absolutely right. That is the proposal that I wanted to put to the Minister. The Foreign Affairs Committee might well have had a useful contribution to make to this debate, as might the Justice Committee. Specifically with regard to Croatia's accession plans, there are issues with the European arrest warrant, human trafficking, organised crime and so on. As has been said, there are concerns over the accession of some European Union states where those problems have been prevalent. It therefore appears that there might be some benefit if, rather than the current situation where the European Scrutiny Committee is allowed to require or request that specialist Select Committees scrutinise particular legislation, there was a more proactive approach to asking specialist Select Committees to look at legislation in cases such as this before they come to the Chamber. I hope that that point can be applied both generally and specifically to this debate.

I will certainly support Croatia's accession to the European Union, but with the expectation that the Minister will look carefully at whether some assessment by Select Committees in advance of this debate might have given Members more to go on in deciding whether we are taking a risk or not.

8.46 pm

Michael Connarty (Linlithgow and East Falkirk) (Lab): I have been asked by the Chair of the European Scrutiny Committee to speak on behalf of the Committee. One reason for that is that the position of Opposition Members on this issue is the same as that of Government Members, particularly in the Committee.

Some of us do take the trouble to read other Select Committee reports. The Foreign Affairs Committee looked at human rights in the context of enlargement and it made some salient comments that I hope the hon. Member for South Northamptonshire (Andrea Leadsom) has taken the trouble to read. That work feeds in to the work of the European Scrutiny Committee. We do not just live in a Euro-bubble, but look at broader matters.

It might be helpful to the House if I put this matter in context by explaining its background and why the European Scrutiny Committee recommended that it should be debated on the Floor of the House, rather than leaving it to go to a European Standing Committee. We have always been concerned about the continuing trend,

which the Government, despite their promises, have not reversed, of the European Committees not having permanent memberships. If their memberships were permanent, there would be at least be 13 Members on three Committees—that is 39 people—who would consistently take the trouble to look at European matters and build up a body of knowledge. At the moment, the Committee structure is such that people are put on European Committees randomly. They mostly do not turn up to the debates and do not gather the knowledge that they should have.

The concern is that when Romania and Bulgaria joined the EU in January 2007, it was recognised by Members from all parts of the House that a number of good governance issues had not been addressed. The oddest thing was that the European Commission and the European Council decided that if those countries did not get access in 2007, they would automatically get access in 2008 and become full members of the EU. Basically, the incentive to continue progress, particularly in areas of good governance, ceased for Romania and Bulgaria.

The European Union therefore had to set up a co-operation and verification mechanism. The Minister has described that as making the Romanians and Bulgarians feel as though they were second-class citizens. The reality is that they should never have been citizens of the EU at all because they were not fit to be members. That is the truth of it. They had to be harried and harassed to take the process seriously, and in fact at one point the EU suspended the financing of one of those countries and refused to allow it to spend any more EU money. It got that bad. Nothing had really been done to improve the situation from 2007.

A series of benchmarks were set under the verification mechanism to do with the judicial system—we are talking about the judiciary today. In the case of Bulgaria, there was the benchmark of tackling corruption and massive organised crime at the highest level of the country. There were a number of contract murders—not a couple, but 104 was the figure we heard when the Bulgarian Foreign Secretary came before the Committee. Those were organised killings by organised criminals.

Even now, neither country has reached the point at which the European Commission is able to say that it has what was, and still is, required. I will name those requirements for the record. The Commission does not think that they have an

"autonomously functioning, stable judiciary, which is able to detect and sanction conflicts of interest, corruption and organized crime and preserve rule of law".

That is its present position on Romania and Bulgaria, to different degrees in each country. Nor do those countries have

"concrete cases of indictments, trials and convictions regarding high-level corruption and organised crime".

We heard the feeble excuse from the then Foreign Secretary of Bulgaria that Bulgaria had not actually convicted anyone of any of the 104 killings because the criminals had hired hit-men from Russia, who committed the crime, killed people and then went back to Russia, where they could not be found. That is a terrible indictment of Bulgaria. It is in the European Union, but it has a long way to go before it reaches the benchmarks that the European Scrutiny Committee would have set for it. The Commission also believes that those countries do not have a legal system that is capable of implementing the law independently and efficiently.

With those mistakes having been made, and with the Committee having followed the process very seriously, we did not want a post-mortem, but we wanted to have assurances that those mistakes would not be repeated in the case of Croatia. That was why the new chapter 23 was introduced into the EU accession process, dealing with the judiciary and fundamental freedoms. In the summer of 2010, Croatia's chapter 23 negotiations were finally opened. As the Minister put it then, agreement was based on

"rigorous benchmarks in the areas we want".

Before the chapter could be closed, that

"comprehensive and robust set of benchmarks"

would need to be met, covering judicial transparency, impartiality and efficiency; tackling corruption; protecting minority rights; resolving outstanding refugee return issues; the protection of human rights; and, crucially, full co-operation with the International Criminal Tribunal for the Former Yugoslavia. Croatia would need to show a track record of implementation across all those areas, to avoid the mistakes of Romania and Bulgaria.

The common position that we are discussing tonight is the European Commission's assessment of Croatia's progress. It recommended that no further negotiations were required, and underlined the importance of Croatia continuing to develop a track record of implementation across the board. It was formally adopted—without discussion, I might add—at the July European Council. I find it quite concerning that there was not in fact a fundamental and deep debate at the European Council about that assessment, because it shows that people may once again be taking their eye off the ball. My right hon. Friend the Member for Leicester East (Keith Vaz), the former Europe Minister, pointed out that once countries are in the EU, it seems that the process of vigilance slips away. It is worrying that that might be happening in this case, if the Council cannot even discuss such an important decision at its meeting.

In endorsing the common position, the Secretary of State for Justice and the Minister for Europe made much of the irreversibility of the process, and of the monitoring that would be undertaken during the two years before Croatia could accede. I do not think the EU's record is quite so good that we can believe that the process is irreversible.

I share the ambition for all the western Balkans to become part of the EU, and all the things that the Minister has said about the benefits of that for trade, democracy and human rights are to be applauded and worked hard for. However, Croatia has a border of about 1,000 km with other parts of the western Balkans. When I met the Serbians recently, and when I have met people from Bosnia-Herzegovina and from Macedonia, where I went with the Committee, they expressed deep fears about what lies on their border and what is going on in the rest of the area. When I met the Serbians, they pointed fingers at other countries, as did the Bosnians. The reality is that this is a serious concern for anyone who is particularly worried about the ability of people to use Croatia as an access to Europe. It is one of the trade routes for human trafficking, for drugs and for other matters that afflict the rest of the EU.

Mr Hollobone: The hon. Gentleman has hit the nail on the head, because there will be a massive expansion of the common external frontier with Croatia's accession, as there was with the accession of Bulgaria and Romania. One of the biggest challenges facing the EU and the UK—this is where everybody comes, because London is the biggest, most cosmopolitan city in Europe—is the lack of border controls on the EU boundary. The demands on accession countries to have secure borders are far too weak.

Michael Connarty: I think what we have here is a question: should we fear accession and therefore lock countries out of the EU, or should we address that concern properly, so that we can welcome countries into the EU but make sure that we give them the resources to secure those borders? I have recently been to Frontex with the European Scrutiny Committee, and it says, "Do not rely on Frontex to protect EU borders." It is a small organisation that basically works on intelligence—it has some quick reactive ability but not the massive resources required.

We need to make sure that the Croatians are at one with us on this. We need to ensure either that they have the resources or that we give them the resources, so they can make sure they have a secure border and can protect themselves against worries of criminality coming into their territory, just like anyone in London or any other part of the EU.

The European Scrutiny Committee took the view that it is plain that Croatia still has much to do over the next two years. If our ambition is to have Croatia in the EU, we must ensure that we resource and support it. To have Croatia in and expand the borders without those protections leads to the criticisms made by the hon. Member for Kettering (Mr Hollobone) and many ordinary citizens—that the more we expand Europe, the more we threaten to infect our security, human rights and peace.

The reality is that despite four years of post-accession assistance and monitoring under the co-operation and verification mechanism, the Committee is still looking for that protection in respect of Bulgaria and Romania. We do not want to see Croatia added to that by not being properly resourced and supported.

The Committee noted in particular that the process of systematically tackling war crimes appears to have barely begun. Judging from the latest report by the chief prosecutor of the International Criminal Tribunal for the Former Yugoslavia, Croatian co-operation is still some way off being described as "full". Although the overall case backlog of returning refugees, which the hon. Member for Kettering mentioned—I will cite the same figure he did—has fallen by a further 10,000, some 785,561 cases are still to be dealt with, which is a massive way to go.

In sum, the Committee said that a great deal of further implementation would need to be accomplished by July 2013 if Croatia was to be able to demonstrate a track record that indicated it was truly ready for accession. I noted that the Minister said it looked as though the final decision would be ready for signature on 9 December. It is a matter of concern when the European Commission gives itself a target. Early on, it was saying that the earlier succession date for Croatia would be the end of 2011. It is determined to deliver that, regardless of concerns that might be expressed, so its promises will turn into solid work and a fruitful result for the EU. It is quite clear that it is going for a 2011 accession and is determined to have it. No one seems to be demanding a decent discussion in the European Council about that.

We are in the position at the minute where the Minister has said that he has secured improvements in the EU's composition. I look forward to him putting his note in the Library and sending it to the European Scrutiny Committee so we can see the detail, but he said basically that "appropriate measures" proposed would be subject to qualified majority voting. Qualified majority voting means that any further measures can be agreed without anyone having a veto, so we are basically giving away the final say in stopping the process by the date that has been given—9 December. I hope people realise that that is what the Government are doing. Any further measures can be completely and utterly forgotten about and we can do nothing about it. The Committee felt that if this was strong language, it strongly suggested that the deal was already done, and that even if it was not, the lengthy and unproductive experience of the co-operation and verification mechanism in Bulgaria and Romania was hardly encouraging.

The Minister for Europe said that chapter 23 was an alternative to the co-operation and verification mechanism, so I hope he will say a word or two about what happens if Croatia turns out to be another problem added to the EU rather than one that has solved its problems. I hope that it has solved its problems. I have warm feelings towards the people I have met in the political class in that country who desire to be in the EU and to bring all its benefits to their country, but we have to worry about things that are not, at this moment, quite as we would want them in a full EU member state.

All in all, there appeared to the Committee to be loud and unwelcome echoes of those earlier accession processes —chapter 23 notwithstanding—and further confirmation that what had been judged most important was not adhering to appropriate conditionality prior to accession. We made that point again and again. If conditionality was applied, it should be easily verifiable: when it is reached, people should come in, but if it is not reached, we should not simply hope that they will get there eventually after they come in.

Although the eventual accession treaty will require the approval of the House, the Committee felt that the House should be given the opportunity now, at the beginning of the process, to debate this issue, vital as it is to the integrity of the accession process. I am sorry that so few Members are taking part in this debate, because this is the next major change to this Parliament's relationship with the European process, and I would have hoped that more people would have come to air their views.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. I remind hon. Members that this is a timed debate that is due to end at 22 minutes past 9, and that I shall want to give a few minutes to the Minister to say a few words in response. I ask Members to bear that in mind so that we can fit everybody in.

9.1 pm

Mr David Nuttall (Bury North) (Con): Although I appreciate that as usual with these matters the accession of Croatia is essentially a done deal, I want to raise one

or two concerns about the accession process and the consequences that agreeing to Croatia joining the European Union will have on the United Kingdom.

It is anticipated that the formal accession agreement will be signed at the European Council meeting scheduled for 9 December, but it appears that EU leaders are effectively taking it on trust that Croatia will complete the necessary preparations before it is formally allowed to join on 1 July 2013. As my right hon. Friend the Minister said, however, Croatia needs to do a lot more. Paragraph 7 of the explanatory memorandum, which quotes the Commission's own assessment, spells out that further efforts are needed from Croatia in order to improve the independence, impartiality, efficiency and professionalism of its judiciary, and that only if the commitments made by Croatia are met will that country be ready.

As the hon. Member for Linlithgow and East Falkirk (Michael Connarty) spelled out in his clear speech, it is obvious that whatever processes were in place when Bulgaria and Romania were allowed to become members of the EU, the checking mechanism in advance did not work. Now, years later, there are still problems with those countries. It is to be hoped that the checking mechanism between now and July 2013 will be slightly more rigorous than it was for Bulgaria and Romania.

In principle, I have nothing against any country wishing to join the EU, if that is what the country and its people wish, but I have concerns if the admission of a new member state will adversely affect the interests of the United Kingdom. So far, I have seen nothing about how much Croatia might contribute to the EU budget. Indeed, some might be forgiven for thinking that Croatia's accession will just mean the equivalent of yet another hungry mouth to feed. The European Commission has recently proposed the expenditure of an additional €13.1 million to deal with Croatian accession, to be spent on such things as Croatian translations and, of course, opening a new office in Croatia.

The accession of Croatia will mean that there will be over 4 million more citizens within the borders of the European Union. As we know only too well, following the accession of other eastern European countries to the European Union, a citizen of a member state has the right to take up employment in any other member state. Once in employment, he or she has the right to reside in that member state and is also entitled to certain welfare provision.

Mr Hollobone: Does my hon. Friend recall the difficulty that Her Majesty's Government are currently facing with European nationals coming to this country who are not seeking employment, but who declare themselves to be self-employed and, through that mechanism, access benefits that Her Majesty's Government give out? With 4 million new EU nationals effectively created by this new accession, that is bound to add to the problem.

Mr Nuttall: I am grateful to my hon. Friend for that intervention. He raises a problem that will only be exacerbated by the accession of Croatia. I would be grateful to know what specific transitional arrangements are being put in place in respect of Croatian nationals wishing to come to the United Kingdom and, in particular, for how long such controls will be in place.

Furthermore, I am concerned that yet another treaty will be required to provide for the accession of a new entrant to the European Union, for which we, the United Kingdom, appear to be getting absolutely nothing back in return—and needless to say, without consulting the British people.

Martin Horwood: Does the hon. Gentleman accept, however, that British exports to Croatia currently amount to some £283 million a year? In general, the experience with other acceding countries has been expanded trade with those countries, which has helped British jobs, prosperity and economic prospects.

Mr Nuttall: That may well be the case, but I see no reason why we could not have negotiated a free trade deal with Croatia many years ago. Indeed, the question could have been asked of the previous Labour Government: if Croatia has so much trade with this country, why did we not negotiate a free trade deal with it a long time ago?

Let me quote what the Prime Minister said about getting something back from accession treaties. In a speech helpfully entitled "A Europe policy that people can believe in", which he made a little over two years ago, on 4 November 2009, when he was the Leader of the Opposition, he said that

"we will want to negotiate the return of Britain's opt-out from social and employment legislation in those areas which have proved most damaging to our economy and public service…We will want a complete opt-out from the Charter of Fundamental Rights."

He added that an agreement would be negotiated

"limiting the European Court of Justice's jurisdiction over criminal law to its pre-Lisbon level, and ensuring that only British authorities can initiate criminal investigations in Britain."

Crucially, he made it clear that

"we will propose that these British guarantees are added as protocols to a future accession treaty,"

which is exactly what we are discussing this evening. I know that our negotiating team will have been well aware of those crystal-clear commitments.

In closing, may I ask my right hon. Friend the Minister to confirm that those guarantees were proposed and to say what the response was? If they were not proposed, why not? If they were proposed and the response was—let me say—not entirely positive, did we indicate that we would withhold our veto if our polite proposals were not granted? After all, article 49 of the Lisbon treaty—which was the reason why that speech was given in the first place—which deals with accession treaties, specifically states that accession treaties deal with

"conditions of admission and the adjustments to the Treaties on which the Union is founded which such admission entails."

It should be argued therefore that the granting of these British guarantees is something that the admission of Croatia entails: without them, the accession could not take place, because Britain would use its veto.

9.13 pm

Mike Gapes (Ilford South) (Lab/Co-op): I shall try to be brief. I do not think that the accession of a democratic NATO ally, which has had a democratic change of Government and has been transformed as a country over the last 11 years since the death of Franjo Tudjman—

[Mike Gapes]

a country that is dynamic, that has young people who are outward looking and want to be part of modern Europe, and a country that also has a very good football team and a manager in Slaven Bilic, who once played for West Ham United—is a country that should be held hostage for an internal debate in the Conservative party over Eurosceptic or Europhobic hostility.

I believe that we should welcome Croatia. An enormous transformation has taken place in the country over recent years, partly through its own efforts but also because of the aspiration to join the European Union. My hon. Friend the Member for Linlithgow and East Falkirk (Michael Connarty) said some harsh things and some true things about what happened with Romania and Bulgaria, but I do not think that we should hold back Croatia on the basis that the country is like those two other countries were in 2006. It is not. Croatia is much more developed politically and in many other ways. It would not be right on account of some bad experiences before this new procedure was brought into effect to damage the Croatian aspiration.

I believe, too, that it is important in looking at these issues that we look at the context. We are not dealing with Croatia alone. What we are doing is sending a clear signal that it is not just Slovenia among the countries of the former Yugoslavia that can join the European Union, as we are open to all the other five states—Serbia, Macedonia, Montenegro, Bosnia and Herzegovina and Kosovo—and, indeed, to Albania. It has its own problems, but if we are to have the western Balkans stable, secure and developed with a community of trade and partnership, all those countries have to be in the European Union at some point. It would be very dangerous if there were a hole in part of southern Europe, with a country or several countries out of the political process, out of our politics and our pluralistic approach.

I say to the hon. Member for Bury North (Mr Nuttall) that the accession of Croatia will bring in a democratic, pluralistic, young and dynamic country that wants to be part of the modern European Union. The EU is still attractive to many people precisely because of that, and it is time that Members of all parties started to make that case to the British public for the future. We need a dynamic Europe; we need to look at Europe as an asset for this country, and we should stop getting obsessed and gazing at our own navel.

9.14 pm

John Hemming (Birmingham, Yardley) (LD): I aim to be very quick. I found chapter 23 very interesting, as it is the first time that that chapter has been used for the accession of a country. We have perhaps now hit the Groucho Marx threshold for Europe—that we would not be allowed to join the EU because our standards are not high enough to do so. It is somewhat complacent to imply that the standards of our judicial system are always higher than those in Croatia. I spent some time comparing and contrasting the case X *v.* Croatia and RP and Others *v.* the United Kingdom. If I have enough time, I will come back to that later.

If we look through the document outlining the EU's response, we find the following statement:

"The EU underlines the importance of Croatia improving publication of and access to final court decisions both in the interests of the development of case law and consistent judicial practice, and in view of wider public dissemination."

Well, the UK has a massive problem here. Many judgments are not handed down by the judge—

Madam Deputy Speaker (Dawn Primarolo): Order. That is not relevant to our debate, which concerns the documents before us about Croatia. I would be grateful if, in the few minutes left to him that will enable the Minister to reply, the hon. Gentleman stuck to this evening's subject of debate.

John Hemming: I think it important to examine the issues raised by chapter 23, however, and to compare X *v.* Croatia with RP and Others *v.* the United Kingdom. In the former case, a mother's mental capacity was removed from her and she was told that she had no locus in the Croatian courts. She had a second opinion, which was taken through the whole Croatian court system. The domestic court system was involved in exactly the same way in the latter case, but the woman had no second opinion. In my view, the Croatian system is far better.

I highlighted the issue of judgments in the accession document. There is also the question of the anti-corruption commission. The document states:

"The EU also calls on Croatia to ensure full implementation of its system for monitoring and verification of assets declarations of public officials and judges".

According to the Groucho Marx test, this is now a club that we would not be allowed to join, because we do not operate that sort of system here.

I think it complacent to assume that countries such as Croatia are behind the United Kingdom. The chapter 23 requirements have already pushed Croatia into doing things that we do not do here. The hon. Member for Kettering (Mr Hollobone) may be pleased to find that in future years we might be expelled for not complying with the conditions with which Croatia complies, but I do not take the same view as him on the European Union. I think that extending the EU is a good idea. Most of the people who argue that we should leave it argue that we should be in the European economic area, which allows freedom of movement throughout Europe. I also disagree with the hon. Gentleman about whether people qualify for habitual residency as a consequence of declaring self-employment, because I do not think that such a declaration qualifies people for habitual residency immediately.

I think that we should consider not just Croatia but whether we satisfy the conditions in chapter 23, but given that I cannot cite any examples of how we fail to satisfy those conditions, I will leave that to the Minister.

9.16 pm

The Minister for Europe (Mr David Lidington): I shall not have time to respond to all the points that have been raised, but I undertake to write to Members who have asked detailed questions, and to place copies of the letters in the Library of the House.

Many of the concerns that have been expressed about Croatian accession derive, understandably, from the experience of Romania and Bulgaria, but I think that there are important differences between the two instances. The earlier problems arose because difficult issues involving

justice were not tackled in a systematic manner, upfront, at an early enough stage in the accession negotiations. The process that we are debating this evening was deliberately designed to enable us to learn from the failures of that experience. The decision that must be made by the European council in December—this deals with the point made by the hon. Member for Linlithgow and East Falkirk (Michael Connarty)—is not whether to admit Croatia to the European Union immediately, but whether by July 2013, on the basis of the evidence that we have so far and the intent declared by the Croatian leadership so far, Croatia will be in a position to move smoothly towards accepting all the responsibilities of EU membership.

Michael Connarty: Will the Minister give way?

Mr Lidington: Very briefly.

Michael Connarty: Will there be a veto before 2013, after December?

Mr Lidington: Between the signing of the accession treaty and Croatia's joining the European Union, we shall have the process of pre-accession monitoring that I have described, as well as the three safeguard clauses that are written into the treaty and are powerful mechanisms for ensuring that Croatia continues to make the progress that it has promised. Finally, all 27 members of the EU—including this Parliament—must vote to ratify Croatian accession, which in this instance means primary legislation. To inform its judgment on whether Croatia has met the standards required, the House should have access to the sequence of monitoring reports from the European commission and the reports from the chief prosecutor of the International Criminal Tribunal for the Former Yugoslavia. Therefore, when this House takes the decision on whether to ratify Croatian accession, it will have available to it the evidence about the progress that Croatia has still to make.

I believe that Croatian accession will provide enhanced economic opportunities for British business, as well as for the people and businesses of Croatia, and the political gain of seeing an important country in the western Balkans brought firmly within a European political system based on the rule of law and democratic rights. We have seen too much bloodshed and warfare in the Balkans to be content to shut them outside the door and see the problems of organised crime, people trafficking and illegal immigration persist indefinitely. The accession process is our best chance of getting those problems sorted to the benefit of us all. I believe that the way forward is that accepted by the Government in June this year, and I hope to have the support of the House.

Question put and agreed to.

Resolved,

That this House takes note of Unnumbered Explanatory Memorandum of 7 July 2011, the European Union Common Position on Judiciary and Fundamental Rights (Negotiation Chapter 23), relating to EU enlargement: Croatia; and supports the Government's decision to agree the Draft Common Position at COREPER on 29 June and to adopt formally that agreed position at European Council on 12 July.

Daylight Saving Bill (Money)

Queen's recommendation signified

9.21 pm

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): I beg to move,

That, for the purposes of any Act resulting from the Daylight Saving Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(1) any expenditure incurred under or by virtue of the Act by a Minister of the Crown or by a government department, and

(2) any increase attributable to the Act in the sums payable under any other Act out of money so provided.

If I may, on behalf of the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey), who is responsible for consumer affairs, I wish to pay tribute to my hon. Friend the Member for Castle Point (Rebecca Harris) for her tireless work on the Bill. I also thank her for working constructively on a number of proposed amendments, which mean that I can now confirm the Government's intention to support the Bill on an amended basis.

The House last debated the Bill on 3 December 2010 when, despite the Government's Opposition, it received its Second Reading. Altering the clocks is something that we have thought about long and hard, and, as the Prime Minister has said, it is an issue that needs consensus right across the country. The amendments that we are seeking address our earlier concerns, including on the need for UK-wide consensus as to any change. Accordingly, the Secretary of State will be required to consult the devolved Administrations in Scotland and Wales, and to obtain the consent of the devolved Administration in Northern Ireland to any proposed trial. I wish to emphasise that the Government would not expect to introduce a trial if there was clear opposition in any part of the UK. A further amendment we propose is that the "independent commission" be changed to an "independent oversight group", whose role would be to advise the Secretary of State on the preparation of any report.

Mr Philip Hollobone (Kettering) (Con): The Government's interest in this legislation is welcome, even if a little late and even if forced by a Division in this House, which they opposed. Why has it taken them 11 months to bring this money resolution before the Chamber, given that the common practice in years past was that once the House had made a decision on the Second Reading of a Bill a money resolution would be introduced within two or three weeks?

Mr Prisk: As I said, we wanted to make sure that we gave this careful consideration, because this is a complex matter. *[Interruption.]* I say to my hon. Friends that I have seen this matter brought to this Chamber four separate times in the 10 years that I have been in this House, so it is right that we give it due consideration.

Mr Peter Bone (Wellingborough) (Con): Will the Minister give way on that very point?

Mr Prisk: Not at the moment, because I wish to conclude the point that I was in the middle of making—I hope that my hon. Friend will bear with me. As we intend to seek to amend the Bill, it would have some relatively small expenditure implications. Our rough estimate of

[Mr Prisk]

the amount of expenditure that would be needed is a figure of up to £750,000, which we think would be for the cost of researching and reporting on the potential benefits of trialling the advancing of clocks—that is obviously what the Bill seeks to achieve. Naturally, as it is also fair to point out, a subsequent proportional report may well be required on the monitoring and evaluation of any such experiment. The Bill, in its current form, would be likely to involve somewhat more expenditure than that, and the production of a report within three months of an Act being passed may well add to additional costs.

However, I must emphasise to the House that there is no guarantee that any trial advancement of the clocks will happen. We cannot rush that decision. A considered process is required, the starting point of which—this is the essence of the point that has been rightly made—is that there should be a proper robust assessment of the likely costs and benefits. On that basis, although the Government do not enter lightly into any expenditure, as I am sure you will understand, Madam Deputy Speaker, the expenditure in this case is justified and I commend the motion to the House.

9.24 pm

Rebecca Harris (Castle Point) (Con): It will not come as a surprise to anyone that I support wholeheartedly the Government's request for money to be provided by Parliament in respect of the Daylight Saving Bill. First, I want to put on record my great thanks to the 94 Members of Parliament from across the Chamber who voted in support of its Second Reading nearly 12 months ago.

As the Minister said, this has not been a time of complete inactivity for the Bill. Negotiations have been ongoing between me and the Department to find amendments that would allow the Bill to progress while maintaining the spirit of the original. The Bill principally provides for a robust Government study of the likely effects, good or bad, of advancing our clocks forward by an hour and whether the nation as a whole would be better served by that. Tonight's debate reflects the fact that the Bill will cost the Government money, but the potential benefits to the UK economy and the public purse could be enormous.

Proponents of the change argue that it could prevent more than 80 fatalities on the UK's roads every year and create considerable economic benefits, including 80,000 extra jobs and £4.5 billion in new domestic tourism revenue alone. It might also reduce our heating and lighting bills, which would be extremely welcome at this time, increase participation in sport and recreation and help tackle our growing obesity epidemic, as the recent report from the London School of Hygiene and Tropical Medicine has suggested. It has also been argued that it could reduce crime and the fear of crime as well as improving quality of life, particularly for older people.

If such a simple measure as not turning our clocks back one autumn could really achieve all those benefits, I submit that it would be a scandal if the Government did not devote some resources—primarily civil service time and energy—to investigating it.

Mr Nigel Dodds (Belfast North) (DUP): Does the hon. Lady think that the benefits she has outlined would be spread equally throughout all parts of the United Kingdom?

Rebecca Harris: I do not know the answer to that question, which is why I am calling for the Government to do a comprehensive review. The proponents of the measure tell me that the benefits would be spread equally throughout the United Kingdom, particularly those on the road casualty figures.

Personally, I would try to claim that I am entirely agnostic on whether we should advance the clocks, although some might not believe me. My primary aim throughout has been to advance the debate through a review. The proposals in the Bill, or something similar, have been debated in the House repeatedly over the years. Some might say that the somewhat sterile arguments have been rehearsed again and again on both sides in what seems a little like Parliament's own Groundhog day.

This time, I am pleased to say, the debate has advanced slightly further than usual, as the Bill passed Second Reading. I attribute that to the excellent support of the growing Lighter Later campaign in the country. The argument is also clearly less polarised than it used to be. Organisations such as the Royal Society for the Prevention of Accidents in Scotland have called very strongly for the measure and the traditional resistance of the farming community also seems to have subsided. The National Farmers Union Scotland now fully supports a study of the potential change.

Thomas Docherty (Dunfermline and West Fife) (Lab): I am most grateful to the hon. Lady for giving way and I am grateful that a Member of the Scottish National party has finally got around to joining us—perhaps they are on a different time from us. I met NFU Scotland very recently and it is clear that it supports not the idea of changing the time but a study to evaluate the issues. Is the hon. Lady clear on that point?

Rebecca Harris: I am entirely clear on that point and that is precisely what my Bill intends to do. NFU Scotland has also intimated that if the benefits in other parts of the country clearly outweighed the disbenefits to its members, it would not stand in the way.

In Committee, as the Minister mentioned, I and the Minister responsible for the Bill will table a number of amendments that will give the relevant Departments flexibility to minimise the financial burden of the Bill. They will also recognise our asymmetric devolution settlement. The power to change time zones is devolved to only Northern Ireland and not Scotland and Wales, so the devolved Administrations will be consulted at every step, including being asked for evidence for analysis that is specific to their geography and economy. The Bill will not and was never intended to force time change on anyone without consensus in the UK as a whole.

Although it seems to have taken a surprisingly long time for the Bill to reach this stage, I believe that the result will be a better and, I hope, more effective piece of legislation, which recognises the concerns that the Government and others have had about it whilst retaining and in some ways strengthening the analysis and available

evidence. Given the possible benefits that I and others have identified, I believe that the measure warrants further investigation. I commend the motion to the House.

9.30 pm

Miss Anne McIntosh (Thirsk and Malton) (Con): I rise to oppose the money resolution and I welcome this opportunity to state why I believe the Daylight Saving Bill is a complete misnomer. There is no daylight saving. All that is proposed in the Bill is that the hours of darkness be moved further into the morning. I am responding, Madam Deputy Speaker, to the arguments that have been put by the Minister and my hon. Friend the Member for Castle Point (Rebecca Harris).

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): The hon. Lady makes the salient point that there will be no more daylight. What is actually happening is that people are being moved into the darkness. Clocks started off measuring time and ended up governing people's lives, and people are going to find—as they found 30 or 40 years ago—that they will be living their lives in the early part of the day in darkness. When push came to shove at that time, the vote in this House was 366 votes to 81. That was not just Scottish Members but Members from all over the UK. Once they had experienced it, they would not have it again.

Madam Deputy Speaker (Dawn Primarolo): Order. Perhaps it would be timely for me to remind the House that we are not debating the Bill itself or the merits of the Bill. We are debating a money resolution to commission a study that will look at the evidence. I will rule Members out of order if they try to re-debate the Bill. That is not the purpose of this money resolution.

Miss McIntosh: I simply submit, Madam Deputy Speaker, in response to the points made by the Minister and the promoter of the Bill, that there would be no benefits and that the cost estimate in the money resolution of £750,000 is a conservative estimate that covers only the cost of the research. The Minister has not put to the House this evening what any potential costs to other Government Departments or local authorities would be. It is disingenuous to say that it would not put lives at risk to have darker, colder mornings and I regret that we are not having this debate on the money resolution in January or February when mornings are at their darkest. It is true that the evenings are getting lighter in January and February, but the mornings are most certainly getting darker.

Mr Bone: My hon. Friend is making a powerful speech, and I agree that the Minister was woefully lacking in not telling us what the full cost would be. However, does my hon. Friend agree that these are matters for debate in Committee and Third Reading and that it would be normal to let a money resolution go through so that the debate in principle could occur elsewhere?

Miss McIntosh: I am grateful to my hon. Friend for making those points, but I have heard for the first time this evening that the Government support this Bill. My understanding was that that was not the position—and that was from the Prime Minister down. I think this is the first occasion on which the House has been informed that the Government now back the Bill on the basis of amended proposals in my hon. Friend's Bill, which will now proceed to a Second Reading.

Madam Deputy Speaker (Dawn Primarolo): Order. The Bill is not having a Second Reading. This is a money resolution and the Bill has had its Second Reading. The content of the Bill has been discussed; this is a money resolution to provide for a study. I have already pointed that out to the House and to the hon. Lady and I would be grateful if Members would stay in order.

Miss McIntosh: I am most grateful for your guidance, Madam Deputy Speaker. As a result of the money resolution going through this evening, the Bill will pass to the Committee stage. Were the House to reject the money resolution this evening, that would not prevent the Bill from proceeding to Committee. It would allow the Government to do a more thorough account of what the total costs would be. Perhaps the Minister responding at the conclusion of this little debate will address my particular concerns about what the cost will be to local authorities in England.

We on the Environment, Food and Rural Affairs Committee have called for evidence on the potential effects on rural communities and farms. The Minister and the House will accept that it is all very well to consult the devolved Assemblies and Parliaments, as the Minister informed the House, but remote areas such as north Yorkshire, Cumbria, Northumbria and other parts a long way from Essex and the south-east will not have the opportunity to be consulted.

We had the trial from 1968 to 1971. It was resoundingly rejected, as the hon. Member for Na h-Eileanan an Iar (Mr MacNeil) so eloquently stated, and I do not believe that there is any compelling argument for subjecting the country to a further trial when, as we understand from the Government and as I entirely accept, we are living through a time of economic crisis. Will the Minister inform the House where the sum of £750,000 is proposed to come from in his departmental budget?

Mr Dodds: The hon. Lady is making a number of very good points. Is it not odd that after we have just had a debate on the winter fuel allowance and been told that there is absolutely no money available to pay our poorer pensioners to help them stay warm this winter, the Government are coming forward with £750,000 to fund a study on an issue on which they know there is no consensus across the United Kingdom?

Miss McIntosh: I am grateful to the right hon. Gentleman for making that point. I do not want to see a north-south divide on the issue. I want the people of north Yorkshire to feel that their voice is being heard—*[Interruption.]* The Scots are perfectly capable of speaking for themselves. I shall leave time for colleagues to contribute.

9.38 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): I shall keep my remarks brief as a number of Members on both sides of the House wish to speak.

I am open-minded about what we do ultimately, but I have some questions on the money resolution that I hope the Minister can address. As my colleague, the Chair

[Thomas Docherty]

of the Environment, Food and Rural Affairs Committee said, the Committee will shortly be taking evidence on the merits and demerits of switching the start of the day. Do the Government propose to wait until the Committee has had a chance to consider the evidence before embarking on a significant spend of money?

I see that the Under-Secretary of State, Scotland Office, and the Minister of State, Northern Ireland Office, are present to hear the debate—but I will not dwell on why there is an Under-Secretary of State for Scotland and a Minister of State for Northern Ireland. Do the Government expect the Wales Office, the Scotland Office or the Northern Ireland Office to incur expenditure as part of the consultation? Will the Minister also confirm whether any of the devolved Administrations—the Scottish Parliament or the Welsh and Northern Ireland Assemblies —would be expected to incur costs as part of the consultation that would be ongoing?

Mr MacNeil: If indeed there were any costs, surely if this measure originated in Westminster, those costs should be met at Westminster.

Thomas Docherty: The hon. Gentleman teases me down an avenue which if I were to pursue and consider why the Scottish Parliament would seek even more money from this place when it is more than amply recompensed for the jobs that it is asked to do, you, Madam Deputy Speaker, would robustly close me down.

I hope that the Minister can give some clarity. I hope that he has also heard today that this is not a Scotland versus England issue, but an argument across all four nations of the United Kingdom.

Mr MacNeil *rose—*

Thomas Docherty: The hon. Gentleman was slightly late, but I appreciate that he was on different time.

Mr MacNeil: I checked the clock; I was two minutes late. But the substantial point is that the hon. Gentleman is absolutely right. This is not a north versus south or an England versus Scotland issue. Indeed, I feel quite an English nationalist in the midst of this debate, having to represent many of the good people of England who lived through the experiment of the late '60s and early '70s , and who write to me with their concerns looking for a voice. The hon. Gentleman is absolutely correct when he says that this is not a north versus south or a Scotland versus England issue.

Madam Deputy Speaker (Dawn Primarolo): Very interesting. The hon. Gentleman should face the Chair when he speaks so that I can hear him. However, I heard what he said and now that he has made his point I would like Mr Docherty to return to the money resolution.

Thomas Docherty: I am most grateful, Madam Deputy Speaker, and I will stick to your guidance.

It is welcome that the Government are restricting the total sum that they believe they will spend. However, I agree with the right hon. Member for Belfast North (Mr Dodds) that it is interesting that this afternoon Tory MPs voted against spending money on issues that really matter to people such as winter fuel payments. Will the Minister give a guarantee to the House that £750,000 will be the total expenditure of all Departments, not just his own, and the devolved Administrations, and that we will have a speedy and just resolution to the issue?

9.42 pm

Mr Peter Bone (Wellingborough) (Con): Will the Minister in his reply say how much of the money that he has referred to relates to paragraph (1) of the motion and how much relates to paragraph (2)? In addition, as has just been said, may we have the total cost, not just the limited cost?

I would normally argue that we should vote specifically on the money resolution and how much it will cost the Exchequer, and if this related to a Government Bill, that would be quite in order. But this relates to a private Member's Bill, and by tradition money resolutions automatically follow Second Reading. If a Member had managed to overcome all the hurdles and get enough Members here to pass a Bill on Second Reading, which I would probably not have voted for, they should have the right to go into Committee, have the Bill debated there and brought back to the House for a Third Reading, where, if Members so wished, they could defeat it. My concern about this money resolution is the length of time that it has taken from Second Reading to come to this House. It appears that we are looking at a new procedure here, where the Executive are trying to block Bills that they do not like. Apparently, they have now agreed changes to the Bill, so they like it, so they are bringing forward the money resolution. I believe that that is an abuse of Parliament.

There is another private Member's Bill, whose promoter is my hon. Friend the Member for Christchurch (Mr Chope), which has had its Second Reading, but it has had no money resolution, so it cannot get into Committee. Because of the way the Government gerrymandered the number of days for private Members' Bills in this Session, there is only one more private Members' Bill after this Friday. Unless the money resolution is agreed tonight, there will be no chance for this Bill to get into Committee.

Mr David Nuttall (Bury North) (Con): My hon. Friend says that there is no chance of the Bill getting through, but I know from a conversation I had earlier this evening with my hon. Friend the Member for Castle Point (Rebecca Harris) that, if the Committee stage cannot be dealt with by 20 January 2012, the hope is that another day will be made available for private Members' business.

Mr Bone: That is rather a surprise to me. I am now tempted to vote against the money resolution in order to allow another day for private Members' Bills, but that would not coincide with my principles. What we must decide tonight is very simple. The money resolution is not about the money that would be spent, but about whether there should be an almost automatic passage through the House for a private Member's Bill that has gone through Second Reading. What I am seeing tonight is an attempt to block that, and I do not like it. I do not like the way the Government have used that to put pressure to change the Bill. The House should support the money resolution, but I think that we should be wary of what the Government have done.

9.45 pm

Mr Tobias Ellwood (Bournemouth East) (Con): It will take me less time to make my brief points than it takes to boil an egg. The argument is simple. It is about how best to align our lives to maximise the benefits of daylight. For most of us our lives are not aligned in that way; we get up after dawn and go to bed much later than sunset.

You spoke about studies, Madam Deputy Speaker. I conducted my own study when in opposition and recommend to the House my leaflet, "Time to Change the Clocks", which goes through the benefits of daylight saving, particularly the studies that break down the benefits across the country. There would be a benefit in shifting the clocks. It would provide more time after work and school have finished. I recommend to the Minister and to the Bill Committee, if the Bill reaches Committee, that that aspect be brought into the study. For example, an additional 175 hours of daylight would be provided in Scotland if the clocks were moved—

Madam Deputy Speaker (Dawn Primarolo): Order. The hon. Gentleman is trying to be very ingenious in getting back to the main points of the Bill in a debate on a money resolution. He said that he would make his points briefly. We are talking about the money resolution and the study. Can we concentrate on that and not re-enact the debate on the Bill itself?

Mr Ellwood: I give way to the right hon. Member for Belfast North (Mr Dodds).

Mr Dodds: I was going to invite the hon. Gentleman to return to the money resolution and address the points that have been made by others on that, which I am sure he will now do.

Mr Ellwood: I have now been advised to do so twice, so I will heed that advice. I am pleased to support the Bill. This is the furthest the proposal has ever got in Parliament since the original daylight saving experiment in the 1970s. I should add that that experiment was overturned not because the nation did not want it. The polls at the time were very much supportive of it. It was overturned because the farmers of the day—

Madam Deputy Speaker: Order. The hon. Gentleman will resume his seat. I cannot understand what is complicated about this. We are dealing with a money resolution and I would appreciate it if Members stuck to that. Mr Dodds, I do not need any help and can manage it. Mr Ellwood, would you now refer to the money resolution and not to previous polls or debates unless they relate specifically to the money being spent?

Mr Ellwood: I apologise, Madam Deputy Speaker. This is one of the subjects that people get very passionate about, which is why there is a tendency to wander off the subject. I will complete my contribution by congratulating my hon. Friend the Minister on bringing this motion forward and hope that it will receive the support of the House today and the Bill will move on to Committee.

9.48 pm

Mr Philip Hollobone (Kettering) (Con): I wish to speak to the money resolution because I am concerned that we are seeing an abuse of the parliamentary process. It has been the tradition for many years in this place for a money resolution, which can be tabled only by Her Majesty's Treasury, to be tabled within a fortnight or three weeks of a Bill passing Second Reading, particularly a private Member's Bill. What we are talking about is private Members' legislation, which is extremely precious to the individual Members concerned and very precious to the House as a whole.

The name of my hon. Friend the Member for Castle Point (Rebecca Harris) luckily came up in the ballot, she duly tabled her Bill and there was a most interesting debate on Second Reading on 3 December 2010, when despite the opposition of Her Majesty's Government the legislation was passed by 92 votes to 10.

The context is that we are sitting through an extended Session of Parliament. Instead of there being an annual Session, we have a two-year Session, so 40 private Members' Bills should have been tabled, but only 20 have been, because the Government have not allowed extra Friday sittings on which to table extra Bills. There has been only one ballot for private Members' Bills, in which my hon. Friend was lucky to be successful, so private Members have had a reduced opportunity to table legislation.

I contend that the Government have used the extra time in the Session to delay the passage of my hon. Friend's Bill, because it is now almost a full year since that Second Reading debate. My hon. Friend the Minister's answer to my earlier intervention was not good enough, because the Government should not use this delay in tabling the money resolution to sort out their attitude to any particular Bill; they should table the money resolution to go along with the will of the House as expressed on Second Reading, and then sort out their attitude to the Bill prior to Committee. Members may not appreciate that a private Member's Bill cannot proceed to Committee unless the money resolution is passed, so the Government are using that device to delay the progress of the Bill.

Mr Nuttall: Is it not the case that, if this Session had been of normal length, the Bill would have already fallen?

Mr Hollobone: That is absolutely right, and my hon. Friend makes an extremely perceptive intervention. In fact, the Government have used a whole year of this two-year Session to delay the Bill, thereby denying the House the scrutiny it needs to improve legislation. I cannot understand why the Government are so frightened of scrutiny, because the better that Back Benchers do their job, the better the legislation, and the better the reputation of the Government of the day.

Mr MacNeil: Is the hon. Gentleman saying essentially that we should not be here tonight talking about the Bill, because it should have been dead and buried in the past year?

Mr Hollobone: That could have been an outcome, absolutely. We should not be here tonight, because we should have been here almost exactly a year ago. That is when the Government should have tabled this money resolution; then, the Bill would have proceeded into

[Mr Hollobone]

Committee; and on one of the subsequent private Members' Fridays the hon. Gentleman and I could have debated its merits and demerits. The law would have been either passed or not by this stage, but Her Majesty's Government have effectively taken a whole year out of the process, meaning that the legislation is right up against the wire.

There is a private Members' Friday this coming Friday, but then there is only one other such Friday, 20 January 2011. The passage of the money resolution tonight means that there will not be time for the Bill Committee to sit before this Friday, so if the Bill is to go through Committee the only remaining Friday on which it can return to the House is 20 January. On that day, it will need to complete its Report and Third Reading if it is to make any progress, meaning that its subsequent passage through the House of Lords will be squeezed between the end of January and the beginning of April. That is going to be a rushed process if the Bill is to succeed.

My simple contention is this: whether someone is for or against the Bill, if the time and scope for the scrutiny of any legislation is reduced, it will probably not be as good as it otherwise might have been. There is absolutely no need for this process to have taken so long. I simply do not understand why it has taken Her Majesty's Government almost 12 months to make up their mind—indeed, to change their mind—on the merits of this Bill.

Mr MacNeil: Is the hon. Gentleman saying that the Bill of the hon. Member for Castle Point (Rebecca Harris) has, in effect, been destroyed because of the time that has been taken away from the consideration of it and the fact people will not have the opportunity to consider it? Is he also saying that there is a great danger the Bill will not become law and, as a result of the Government's actions, the Bill has been utterly destroyed?

Mr Hollobone: I do not think the Bill has been destroyed because it still has a chance of passing through both Houses. The point I am trying to make is that if it does succeed in becoming an Act, it will only be by the skin of its teeth because there effectively is only one more sitting Friday for private Members' Bills in this place.

Mr MacNeil: Therefore, if it is not utterly legally destroyed, it is morally destroyed.

Mr Hollobone: It has certainly not been the best use of parliamentary time in making sure that, as a piece of legislation, the Bill is as good as it could be. I am very worried that the Government are setting a precedent to abuse the private Members' process because, as my hon. Friend the Member for Wellingborough (Mr Bone) said, another Bill has passed its Second Reading in this place. The Local Government Ombudsman (Amendment) Bill was passed on a private Members' sitting Friday on 10 June. The will of this House was that that Bill should have its Second Reading, but here we are five months later and the Government have not yet moved a money resolution for that Bill.

Ian Swales (Redcar) (LD): The hon. Gentleman has spoken for eight minutes. Is he determined that the Minister will not be able to respond to his comments?

Mr Hollobone: No. I am about to resume my place because I want to hear the Minister's response, and I particularly want to hear him address this point. Why are the Government using money resolutions to delay the passage of Bills when they should be allowing the House to pass money resolutions at an early stage? The Government can then come back in Committee to debate the merits and demerits of the Bill. Would that not be a far better way for legislation to proceed in this place, rather than the abuse of the system that we are witnessing?

9.57 pm

Mr David Nuttall (Bury North) (Con): First, I congratulate my hon. Friend the Member for Castle Point (Rebecca Harris) on her perseverance and determination in pursuing this matter over the past 12 months—and, indeed, during the period before she was drawn fourth in the ballot.

I do not want to detain the House long. I am conscious that there is not a great deal of time left and that we all want to hear from the Minister. Although I voted against curtailing the Second Reading debate—and I remind the House that it was curtailed—I did vote for the Bill to proceed on Second Reading. I, along with many others—indeed, millions of people outside the House—have been waiting for the money resolution finally to move its way up the Order Paper to be debated.

On the issue of money, may I ask the Minister to explain in his winding up whether the figure of £750,000 is an estimate? If so, what is that estimate based on? What analysis has been made of the cost of the trial that was held back in the 1970s, and how that has been used to inform the present-day estimate? In addition, has any assessment has been made of whether any work that was done at that time is still of value today? I reiterate the points made by the hon. Member for Dunfermline and West Fife (Thomas Docherty) on how the cost of the trial is to be split between England, Scotland, Wales and Northern Ireland.

Finally, in the seconds remaining, I point out that, with inflation running at 5% and an estimated cost of £750,000, the delay has already cost £37,500. I look forward to hearing the Minister's response to those questions.

9.59 pm

Mr Prisk: With the leave of the House, Madam Deputy Speaker. On the money, £750,000 is the estimate that I made clear in my opening remarks, and that is the figure that relates to the benefit analysis with this motion. I believe that the motion should be supported by the House.

Question put and agreed to.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

REPRESENTATION OF THE PEOPLE

That the draft Parliamentary Constituencies and Assembly Electoral Regions (Wales) (Amendment) Order 2011, which was laid before this House on 24 October, be approved.—*(Stephen Crabb.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

ENERGY

That the draft Renewable Heat Incentive Scheme Regulations 2011, which were laid before this House on 24 October, be approved. —*(Stephen Crabb.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

SCHENGEN GOVERNANCE

That this House takes note of European Union Document No. 14357/11, a Commission Communication: Schengen governance—strengthening the area without internal border control, No. 14359/11, a Draft Regulation amending Regulation (EC) No. 562/2006 in order to provide for common rules on the temporary reintroduction of border control at internal borders in exceptional circumstances, No. 16664/10, a Draft Regulation on the establishment of an evaluation mechanism to verify the application of the Schengen acquis, No. 14358/11, an amended proposal for a Regulation on the establishment of an evaluation and monitoring mechanism to verify the application of the Schengen acquis, and No. 14142/10, a Draft Council Decision on the full application of the provisions of the Schengen acquis in the Republics of Bulgaria and Romania; and supports the Government's approach for stronger governance of the Schengen area whilst safeguarding the Member States' primary responsibility in matters of internal security, securing an effective evaluation and monitoring mechanism which includes the UK in respect of Schengen provisions in which the UK takes part, and supporting the accession of Bulgaria and Romania to the Schengen area as they have met the criteria and standards required of them under the terms of their Acts of Accession.—*(Stephen Crabb.)*

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until tomorrow (Standing Order No. 41A).

SITTINGS OF THE HOUSE (29 NOVEMBER)

Ordered,

That on Tuesday 29 November the House shall meet at 11.30 am and references to specific times in the Standing Orders of this House shall apply as if that day were a Wednesday.—*(Stephen Crabb.)*

PETITION

Boundary Changes (Edmonton)

10.1 pm

Mr Andrew Love (Edmonton) (Lab/Co-op): I am pleased to present—*[Interruption.]*

Madam Deputy Speaker (Dawn Primarolo): Order. Perhaps, Mr Love, you could resume your seat so that we can wait until Members have left the Chamber quietly.

Mr Love: Thank you, Madam Deputy Speaker.

I am pleased to present this petition on the new boundaries for the Edmonton constituency. My constituents are outraged that the boundary commissioners have ganged up on Edmonton, proposing changes that try to cross the natural barrier of the River Lea, which is over 1 mile wide in parts and separates the two distinct parts of the new constituency. There are no direct transport links across the new constituency, and this undermines existing community ties. My constituents are petitioning the House to make time for a debate on the proposed changes to the boundaries of the constituency of Edmonton.

Following is the full text of the petition:

[The Petition of residents of Edmonton and others,

Declares that the Petitioners are opposed to the proposed boundary changes put forward by the Boundary Commission for England in relation to the constituency of Edmonton, as the Petitioners believe that the proposed changes will undermine existing community ties and declares that the Petitioners believe that the integrity of Edmonton should be maintained through links with other adjacent communities.

The Petitioners therefore request that the House of Commons urges the Government to make time for a debate on the proposed changes by the Boundary Commission for England to the constituency of Edmonton.

And the Petitioners remain, etc.]

[P000984]

Immigration (Stranraer/Cairnryan)

Motion made, and Question proposed, That this House do now adjourn.—*(Michael Fabricant.)*

10.2 pm

Mr Russell Brown (Dumfries and Galloway) (Lab): I am pleased that I have managed to secure this debate this evening. That said, I am disappointed that it has needs this action to try to secure answers from the Minister. That, along with a number of freedom of information requests, has meant I have had to bring my concerns to the Floor of the House.

My concerns are about one of the most irresponsible cuts this Government have imposed—the withdrawal of UK Border Agency funding from the police ports unit protecting the Galloway ports in my constituency. At the end of this week, I will be attending the official opening of Stena Line's new terminal building on Loch Ryan. This has replaced its old base in the heart of Stranraer, where ferries have crossed the Irish sea for 150 years. There is also a ferry port operated by P&O just a few miles further round the loch, in the village of Cairnryan.

The Galloway ports are the second busiest ports in the UK, and they have more immigration issues than anywhere else in Scotland. Even though they are entry points to the UK mainland, they are internal ports and a well-known route for illegal immigrants seeking to gain access, and for organised criminals to smuggle contraband goods or illegal drugs. It is well recognised that those last issues were a regular source of funding for terrorist activity in the past.

The chief constable of Dumfries and Galloway constabulary has described the ports as a

"nexus point for illegal immigration".

Thomas Docherty (Dunfermline and West Fife) (Lab): My hon. Friend has been a champion for Dumfries and Galloway for the 13 or 14 years that he has been a Member. I am disappointed that not a single Scottish National party Member has bothered to come to support his case tonight. He has mentioned the chief constable. Will he say whether there have been any further cuts recently to the number of police officers in the region, from which the ports might have suffered?

Mr Brown: I thank my hon. Friend for that intervention. I will come on to that point.

The chief constable's comments did not stop the Government deciding last summer completely to withdraw the UKBA funding that paid for three officers in Dumfries and Galloway police's ports unit. That funding had been put in place in 2006. A former Home Office Minister, my hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier), visited the Stena facility with me early last year and agreed that we needed to increase the resources to ensure security. She was astonished by what she witnessed.

Just a few weeks after the general election, the position was turned on its head and the Government announced the complete withdrawal of the UKBA funding. Clearly what had changed was that the Government had embarked upon deep cuts, whatever the price. That was confirmed by the UKBA's regional director for Scotland and Northern Ireland, Phil Taylor, who admitted in a letter to the Scottish Government's Justice Secretary that the cuts at the Galloway ports were due to the

"government's requirement to bear down on the cost of the public sector".

It is pertinent to note that the view of my hon. Friend the Member for Hackney South and Shoreditch was based on witnessing at first hand the difficulties at the ports. The decision to terminate the UKBA funding at the ports was decided without anyone having the decency to visit the facility to witness how the system operated. In fact, no Minister, not even the Under-Secretary of State for Scotland who represents part of the region—I appreciate the fact that he has turned up this evening—has visited the Galloway ports, despite imposing major cuts on them.

I come now to the point made by my hon. Friend the Member for Dunfermline and West Fife (Thomas Docherty). It is worth mentioning the role of the SNP Scottish Government in this. Although they have been quick to join the chorus of criticism of the UK Government's cuts, they themselves cut the equivalent of 14.5 officers from the ports unit over the previous couple of years. The crocodile tears from the Scottish Justice Secretary, Kenny MacAskill, who visited the ports to discuss security issues yesterday, are shameful in the extreme. The truth is that the Galloway ports have suffered from a double whammy of cuts, first from the SNP Government in Edinburgh and then from the Conservative-led coalition Government.

Today I call on the UK Government to consider either reinstating the UKBA financial support to the Dumfries and Galloway ports unit or providing UKBA staff at the ports. The case is overwhelming and I want to highlight three areas. First, the Government must take heed of their own national security strategy, which identified a

"significant increase in the levels of terrorism relating to Northern Ireland"

as a tier 1, or priority, risk to the country. It makes no sense to recognise an increased threat and then to essentially downgrade the security at the route on to the mainland through the Galloway ports.

Secondly, Dumfries and Galloway constabulary has revealed that the scale of the illegal immigration is worse than had been measured previously. Indeed, a UKBA study earlier this year found that the number of illegal immigrants detected at the ports had rocketed by 65% since the previous year. The Government clearly decided to cut the resource based on an estimation of the number of illegal immigrants passing through the ports. Surely the Minister must concede that if the facts change, so must the conclusions. The most recent figures show that the number of immigration cases between 1 September and 10 November increased by 20% compared to the same period last year, and that whereas in the past one in every six people who were stopped were non-EU citizens, that has now increased to one in five.

Thirdly, the cut at the Galloway ports was made with the assurance that greater effort would be put in at the Northern Ireland end. That approach has so far failed. In September, Dumfries and Galloway police told me that

"a lack of checks/coverage at the Northern Ireland side...has led to more offenders getting through the Northern Ireland ports undetected."

It is clear that the UKBA failed properly to plan how the ports would cope with the withdrawal of the funding support. New procedures came into place only in September this year, 10 months after the cuts. That should have been done before any decision was taken but it was not, because the cuts were rushed through in a matter of weeks. The consequence is that the Government not only reduced security at the ports but left us exposed for almost a year as they decided how to try to compensate for that.

Mr David Hamilton (Midlothian) (Lab): I thank my hon. Friend for introducing this debate, especially following last week's debate on immigration. Is it not the case that the Government did not understand, and still do not understand, the importance of people coming into the UK from Ireland, and how easy it is to do that? Will that situation not be exacerbated at the new terminal, which is expected to take in far more people through that same gateway? Unless the number of staff there is increased, there will be a real problem in future.

Mr Brown: I thank my hon. Friend for that intervention. As I said earlier, the previous Immigration Minister came to see the site and was quite shocked by what she witnessed. My plea all along has been that before the Government withdraw the funding, somebody should come to have a look. According to Stena's figures, we are expecting a potential 50% increase in traffic. Thankfully, the Scottish Government Justice Minister has decided that he will look favourably on another four officers, but that will simply take us back to a situation that the chief constable sees as having been sustainable; it does not take account of the additional traffic that there will be.

Mr Nigel Dodds (Belfast North) (DUP): I congratulate the hon. Gentleman on securing this important debate. As well as the issue of terrorism, does he accept that there is great concern in Northern Ireland about the fact that people can so easily enter the Northern Ireland part of the United Kingdom across the border with no real check, as a result not only of cuts but of a deliberate policy?

Mr Brown: I thank the right hon. Gentleman for his intervention and his concern. This is a serious issue, and I hope that even if the Minister cannot give us answers this evening, he will give the matter serious consideration and take the time to come to have a look at what we are experiencing.

One of the most damning aspects to emerge from the situation is the revelation that no one has any idea how many illegal immigrants simply disappear after being stopped at the ports. The police have no authority to seize and arrest any of them. Two weeks ago the Home Secretary was under fire for immigration failings over the summer. The scandal is that she has known for more than a year that there is no way to keep track of illegal immigrants entering through the Galloway ports, and she has not done a thing about it.

Upon detecting illegal immigrants at the ports, Dumfries and Galloway police issue them with an instruction and an appointment to appear at a UKBA office in Glasgow or Manchester. They then release the offenders, in the hope they will keep their promise. That is shockingly lax. If someone has entered the country illegally, are they really going to hand themselves in the next morning?

Jim Shannon (Strangford) (DUP): I, too, congratulate the hon. Gentleman on bringing this matter to the Chamber tonight. Obviously Stranraer and Cairnryan are critical, but there also has to be a domino effect. Perhaps it is time to go back to where people come in. Does he feel that the Minister should consider how he can curtail immigration from the Republic through to Northern Ireland and into Scotland?

Mr Brown: I thank the hon. Gentleman. There is no doubt that there appears to be a weak link, because people can get easy access to Northern Ireland. People can get on a bus in Belfast, and the next stop could well be Birmingham or London. It is as simple as that. The Immigration Minister told me in correspondence that it would be too expensive to find out how many illegal immigrants had absconded on their way to a UKBA office. How on earth can the Government make those cuts and then not monitor the effectiveness of the processes in place?

Dumfries and Galloway police have told me of an alarming case of two illegal immigrants. They were detained in Belfast overnight and told to report to the UKBA the following morning, but instead were detected disembarking at Stranraer after crossing on the ferry. Despite flouting the rules once, the only course of action available to the local police was to release them with instructions to attend the UKBA office in Glasgow. As the police said:

"Do we honestly think, given this course of conduct, that they would have any intention of attending?"

The Minister needs to tell us why he is not doing anything to close this massive loophole in our border security. The Government have turned a blind eye throughout to worries about security at the ports. The Prime Minister told me during Prime Minister's questions on 24 November last year that he would

"look very carefully...to make sure that the system is working."—[*Official Report*, 24 November 2010; Vol. 519, c. 260.]

Perhaps the Minister will clarify whether the Prime Minister followed that up, or whether, as I suspect, they were nothing more than empty words.

In a letter to me dated 4 January this year, the Immigration Minister promised personally to review the security arrangements at the end of February. Perhaps he could tell me today what he found, because I can find no record of his review. The only study of the arrangements since the Government's cut was carried out by the UKBA and published in August this year. The scope was extremely narrow, and Dumfries and Galloway police have confirmed that there was no contact from any Government Minister. Both the Prime Minister and Immigration Minister promised me they would look at this issue personally. To the best of my knowledge, neither has done so. I hope the Minister will today commit to a full independent review of the arrangements in place at the Galloway ports.

The Government's first duty is to the safety and security of citizens. The removal of financial support for ports police from Galloway ports is putting that at risk simply to save money. The Minister has serious questions to answer today. Will he tell us why he ignored the concerns of Dumfries and Galloway police and pressed ahead with that irresponsible cut? Is he still unable to tell the House how many illegal immigrants disappeared following release after detection at the Galloway ports?

[Mr Russell Brown]

Given that we are just scratching the surface of the illegal immigration problems at the ports, will the Government concede that the case for the reversal of the cut in UKBA funding is now overwhelming? I look forward to hearing what he has to say.

10.17 pm

The Minister for Immigration (Damian Green): I congratulate the hon. Member for Dumfries and Galloway (Mr Brown) on securing this debate. I know how strongly he feels and I will deal with the specific matter of the common travel area and Ireland in a minute. However, I must first tell him that it is slightly bizarre for him to say that he was expecting a review, that a review was done by UKBA, and that that somehow had nothing to do with me. I am the Minister responsible for UKBA, so if it does a review, it has something to do with me. That is how these things are done.

Mr Russell Brown: Will the Minister give way?

Damian Green: I am sorry, but the hon. Gentleman overran his time slightly, so I will not be able to take interventions from him—he has had a good go.

As I am sure the hon. Gentleman recognises, and as I need to make explicitly clear, Stranraer and Cairnryan are domestic ports. Those western Scottish sea ports are not designated ports within the meaning of immigration legislation. They are not international ports of entry such as Dover. The ferry routes between Northern Ireland and Scotland are domestic UK services. Legally and in immigration control terms, they are no different from ferry services between the Scottish mainland and the western isles or between Hampshire and the Isle of Wight. There are no international passenger services between Stranraer or Cairnryan and any foreign country. We must be clear that we are talking about people moving within the UK; we are not talking about people coming into the UK.

I am sure that, beneath the rhetoric, the hon. Gentleman recognises that it would be wholly inappropriate to introduce passport controls at domestic UK ports. Northern Ireland is part of the United Kingdom. Journeys within the United Kingdom are not subject to border controls, and nor should they be. Our intelligence shows that the route is subject to abuse. The UKBA knows that some come here with the intention of flouting the immigration laws, and that those here illegally deliberately move around the UK to avoid detection. That is why we work closely to clamp down on those who come here and abuse the system.

The UKBA works closely with the police in Dumfries and Galloway, and I welcome that close working relationship. The agency is also working closely with the Irish Garda to tackle people who start in the Republic of Ireland and then try to enter Northern Ireland illegally. Relations with the Republic of Ireland are strong. Together we are working to secure and strengthen the whole of the common travel area and to narrow the opportunities to exploit it, as well as reinforcing the excellent co-operation that already exists between the UKBA and the Irish Naturalisation and Immigration Service in relation to the protection of the common travel area. Of course, I recognise the importance of that, and we are working hard to ensure that the CTA becomes a stronger border area as a whole.

I recognise that we are in difficult economic times and that changes to the structure of the UKBA may have been unwelcome to the hon. Gentleman. His concerns about last year's decision to remove UKBA police funding to Stranraer and Cairnryan have been noted—he has made them clear in the intervening months—and we appreciate the impact that it has had on the Dumfries and Galloway constabulary. As he made clear, however, that came with a much greater reduction in funding from the Scottish Government of the force's counter-terrorism work.

Dumfries and Galloway is Scotland's smallest police force. I know that Chief Constable Pat Shearer has made his concerns public, as the hon. Gentleman said. Pat Shearer said last September that cuts in staff numbers meant that the force was going

"closer and closer to the bone",

and he believed that there was a limit to how far cuts to the constabulary could go without adversely affecting police performance.

As we all know, policing in Scotland and its funding are devolved matters. The police have a duty to uphold and enforce the law and maintain the peace in Scotland. Dumfries and Galloway constabulary, like other forces across the UK, carries out a range of work, and it is its decision—the chief constable's decision—how its prioritises and manages that work. The UKBA officials work with it to tackle irregular migration. Like the Dumfries and Galloway constabulary, the UKBA must spend public money carefully. The agency therefore took the decision to realign its deployment of seconded police. That decision affected seconded officers throughout the UK.

It was reasonable for the hon. Gentleman to ask what changed. When the UKBA began funding police officers in Stranraer, it had a limited presence in Northern Ireland. At that time, officers had to be deployed from other areas to conduct operations in Northern Ireland. In July 2009, the agency formed a new local immigration team in Belfast. From its offices in Drumkeen house, the UKBA now conducts a wide range of immigration services. A key part of that is tackling immigration crime. The UKBA therefore has more officers than ever before on the ground in Northern Ireland tackling irregular migrants.

The UKBA operates right across the United Kingdom, so it is right that we consider where best across the UK to place our resources to tackle illegal immigration. Tackling abuse of the immigration system is fundamental to the work of the UKBA, and our enforcement work produces real results. This year, a targeted summer campaign involved more than 600 operations across the country resulting in 557 arrests. Some 65 prosecutions have been initiated so far, and there have been 22 successful prosecutions.

I shall touch on specific examples of immigration enforcement work at the western Scotland and Northern Ireland ports. In September, an immigration fraudster was jailed for 18 months after being caught with a bundle of fake identities. Fayyaz Ahmed was arrested at Belfast docks in February while trying to get on the Belfast-to-Stranraer ferry. He was found to have three computer memory sticks and two mobile phones containing

more than 700 false and fraudulently altered identity documents. His case, which involved a sophisticated criminal operation, underlines what we all know: that some migrants will seek to abuse our immigration controls. It also highlights the importance of the work that our team does on the ground in Northern Ireland.

Intelligence shows that the majority of illegal migrant traffic comes from the Republic of Ireland through Northern Ireland, and then on to Scotland. It therefore makes sense to transfer the responsibility for identifying those illegal migrants to the border agency's local immigration team in Northern Ireland, where UK Border Agency staff replicate the work already done at the Northern Irish airports. The agency has more substantial resources on site in Northern Ireland, which is more conveniently located to service the ports and enable the agency to be more operationally effective. The UK Border Agency's immigration officers in Northern Ireland therefore check the status of passengers arriving from or leaving for Great Britain, targeting routes shown to be most at risk.

In the medium term, UKBA resources will shoulder more of the work of dealing with immigration offenders using that route, which will ease the pressure on Dumfries and Galloway police. For now, early results suggest that, with appropriate levels of co-operation, smart deployments and an increased ratio of detections by the UKBA in Northern Ireland, further improvements can be made in the detection rates of immigration offenders using the Galloway ports as a transit route between Northern Ireland and Scotland. In the long run, the new arrangements, with more effective controls on those routes, will lead to an overall reduction in immigration arrest rates and minimise the burden on Dumfries and Galloway constabulary. An early review of UKBA operations found that an increasing number of immigration offenders are being detected in Northern Ireland, which happens before they can travel to Scotland by ferry or the rest of the UK by air.

Mr Brown: I thank the Minister for giving way, and I wholly agree with him—I have here the UKBA report on the common travel area. Although more effort is being made in Northern Ireland—rightly so, because a commitment was given on that—and although more people are being detected, the reality is that more people are still coming on to the mainland through the Galloway ports. I think I mentioned this earlier, but we have all underestimated how serious the problem is; I hold my hand up to that as well. More needs to be done.

Damian Green: Of course, more always needs to be done, on every route. However, what I hope I am explaining to the House and the hon. Gentleman is what is being done and why I believe that the changes being made—which focus the operation more in Northern Ireland, which is the source of the problem in his constituency—are a more effective long-term way of tackling illegal immigration and, as a beneficial side effect, reducing the stress on the Dumfries and Galloway police.

Mr Dodds: I am grateful for what the Minister has said about what is being done in Northern Ireland, and he is absolutely right. However, he also said that the source of the problem was Northern Ireland, but is not the real problem people coming in from the Irish Republic? There are checks at the border at the ports and the airports, but what about the illegal immigration into Northern Ireland? What is being done to tackle that problem?

Damian Green: The right hon. Gentleman makes a perfectly reasonable point. I am in close negotiations with my Irish counterpart to ensure that the common travel area becomes more effective, as I have explained. We need to help the Irish Government to strengthen their border, because, as we are in a common travel area, to some extent their border is obviously our border. The closer we can co-operate and the stronger we can make that border, the better it will be.

Let me demonstrate what has happened. If we look at UKBA work, as seen in the review into working arrangements, we find that impressive results have been produced both in Scotland and Northern Ireland. In just four months—January to April—175 immigration offenders were detected at Northern Irish sea and airports and at west of Scotland sea ports. That is a 200% increase on the same period in 2010, which suggests we are doing much better at getting to the root of the problem.

We have produced and agreed a 10-point plan between the Border Agency and the Dumfries and Galloway constabulary to improve co-ordination and liaison. The plan will cover a wide range of aspects, including the systematic sharing of intelligence, joint tasking and co-ordination of deployments, which optimises coverage at the highest-risk times at Northern Ireland sea ports and reduces the number of immigration offenders who need to be processed by the police in Scotland. Again, that is a double benefit. There are now also monthly operational and quarterly strategic meetings to share results, learn from experiences, identify and introduce best practice, and review the progress of current arrangements. The joint objective over the next six months is to introduce all these measures fully and to refine them, to deliver the majority of detections and detentions in Northern Ireland and to reduce Dumfries and Galloway constabulary time and the work needed to deal with immigration suspects and offenders encountered at the Scottish sea ports.

This debate is particularly timely, as I know that Kenny MacAskill, the Scottish Government Cabinet Secretary for Justice chaired a meeting yesterday at the new port of Loch Ryan where he met David Ford, the Northern Ireland Assembly Minister of Justice, as well as representatives of both Scottish and Northern Irish police forces and the regional operation leads from the UKBA. I understand that it was a very constructive meeting, and I think it is important to recognise that the working relationship at the operational level among the Border Agency, the Police Service of Northern Ireland and the Dumfries and Galloway constabulary goes a long way to make our ports an unwelcoming place for criminals.

Of course, all police forces come across illegal immigrants—

10.32 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Wednesday 23 November 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Fuel Prices

1. **Mr Elfyn Llwyd** (Dwyfor Meirionnydd) (PC): What discussions she has had with ministerial colleagues and Ministers in the Welsh Government on the effects of fuel prices on (a) rural and (b) urban areas in Wales; and if she will make a statement. [81780]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): My right hon. Friend the Secretary of State and I have regular discussions with ministerial colleagues and the Welsh Government on a range of issues, including the effects of fuel prices in Wales. The Government are addressing the rising cost of fuel through the abolition of the fuel tax escalator, the introduction of the fair fuel stabiliser and a cut in fuel duty announced at the Budget earlier this year.

Mr Llwyd: I thank the Minister for that response. Will he impress upon the Secretary of State the need to push the Government to introduce a true fuel duty stabiliser that would trigger an annual reduction in the pump price, as the so-called fair fuel stabiliser announced in the March Budget does not go anywhere near far enough? The volatility in petrol prices means businesses cannot budget, as was noted yesterday by the Federation of Small Businesses in its submission for the autumn statement.

Mr Jones: I hear what the right hon. Gentleman says, but I must point out to him that the tax measures we have taken have resulted in petrol prices being approximately 6p per litre lower than they would have been had that escalator not been scrapped. Even taking VAT into account, fuel prices are approximately 3p per litre lower than they would have been.

Mr Llwyd: Further to that response, may I ask the Minister about a slightly different matter? What support are the UK Government providing for the use of electric cars? There are hardly any charging points all in Wales. There is not even one per constituency. What is being done to encourage that?

Mr Jones: As the right hon. Gentleman suggests, this is the technology of the future. As he knows, provision is being rolled out in the urban areas, and I hope solutions will be found to ensure that rural users will also be able to have access to suitable charging points.

David T. C. Davies (Monmouth) (Con): Does the Minister agree that although it would be highly desirable to reduce fuel costs, it is impossible to do so while we are running a deficit of £160 billion a year as a result of the past actions of Opposition Members?

Mr Jones: I could not have put it better myself.

Jessica Morden (Newport East) (Lab): For commuters and businesses in my constituency, high fuel prices are painful enough without the exorbitant cost of the Severn bridge tolls. If price increases follow the normal pattern, tolls will hit almost £6 per car this year. What action is the Secretary of State taking to help my constituents?

Mr Jones: As the hon. Lady knows, the Severn bridge is privately operated. The franchise comes to an end in 2017, at which time the Government will consider their options.

Unemployment

2. **Karl Turner** (Kingston upon Hull East) (Lab): What recent assessment she has made of the level of unemployment in Wales. [81781]

8. **Andrew Miller** (Ellesmere Port and Neston) (Lab): What recent assessment she has made of the level of unemployment in Wales. [81787]

The Secretary of State for Wales (Mrs Cheryl Gillan): The latest unemployment figures in Wales are disappointing and show that there is still much for both the UK Government and the Welsh Government to do. We have made it clear that while tackling the deficit remains our top priority, we are committed to creating the right conditions for the private sector to expand and grow in Wales, in order to create much-needed jobs.

Karl Turner: Will the Secretary of State join me in congratulating the Labour Welsh Government on the launch of Jobs Growth Wales, which I am told will create 4,000 jobs per year, and will she encourage her Cabinet colleagues to establish a similar scheme in this country, because our constituents are desperate for jobs?

Mrs Gillan: As the hon. Gentleman knows, I would congratulate any Government who tried to reduce unemployment, which blights so many families, particularly in Wales—and never more so than under the last Labour Government. However, I must say to him that the jury will be out until we see the results from that scheme.

Andrew Miller: As the Secretary of State will be aware, in my constituency hundreds of people cross the border both ways for employment. Constituents of mine work in Broughton, and people from Welsh constituencies travel the other way to Vauxhall, Essar and other major employers. Does the Secretary of State agree that there needs to be some joined-up thinking with her colleagues in the Department for Business, Innovation and Skills, in order to address the challenge my hon. Friend the Member for Kingston upon Hull East (Karl Turner) has just raised? There is a good scheme in Wales; why not replicate it in England?

Mrs Gillan: The hon. Gentleman is wrong; this is a new scheme in Wales, being introduced by the Welsh Government. I agree that the £400 million investment in the Airbus factory will secure 6,000 Welsh jobs and many jobs in the supply chain to that factory. My right hon. Friend the Prime Minister recently opened the new North factory, which will secure employment and development in that area for a long time to come.

Guto Bebb (Aberconwy) (Con): Does the Secretary of State agree with me that the inaction of the Labour Government on enterprise zones is a real concern to the business community in Wales?

Mrs Gillan: I am grateful to my hon. Friend for reminding me of the fact that we started the enterprise zones in England at a much earlier stage than the Welsh Government, but I am pleased to welcome the fact that the Welsh Government have designated some areas in Wales as enterprise zones. I know, however, from my discussions with business and industry that they are keenly awaiting some more details on the enterprise zones, which have been very slow in coming forward.

Roger Williams (Brecon and Radnorshire) (LD): Will the Secretary of State join me in welcoming the announcement by the BSW Timber sawmill in Newbridge-on-Wye in my constituency that it is about to create another 20 jobs, bringing Christmas cheer to those families who will benefit from that employment?

Mrs Gillan: The hon. Gentleman is absolutely right and I know how hard he works in his constituency to secure jobs. I offer my congratulations and hope that the business goes from strength to strength. I think we forget in this day and age when unemployment figures are going in the wrong direction that plenty of companies are creating jobs and plenty of enterprising—

Mr Speaker: Order. May I ask the Secretary of State to face the House so that we can all hear her dulcet tones, from which we will greatly benefit? I think she has finished and we are grateful to her.

Mr Peter Hain (Neath) (Lab): Does the Secretary of State not realise how out of touch she is? The unemployment figures in Wales are not "disappointing", they are shocking. We have had a 20% rise in the number of women claiming jobseeker's allowance since she came to power in May 2010, including an increase of a fifth in the number out of work for more than 12 months. Why, according to her parliamentary answers to me, has her Wales Office business advisory council not yet discussed the plight of jobless women in Wales?

Mrs Gillan: The right hon. Gentleman is right to commiserate with those people who are looking for employment, but I am not going to take any lessons from him—he was part of a Labour Government under whom youth unemployment rose by more than 40% and female unemployment rose by more than 30%.

Mr Hain: What world is she living in? We created a record number of jobs in Wales. There are 10 men on her business advisory council—why does she not appoint at least one woman to it? With the deficit rising and growth stalling, is it not also time that her Government adopted Labour's five-point plan for growth and jobs in Wales, including a cut in VAT on home improvements to 5%, a tax break for every small firm that takes on extra workers and a £2 billion tax on bankers' bonuses to create 100,000 new jobs? Unless she acts now, she will condemn tens of thousands of men and women in Wales to misery.

Mrs Gillan: In Wales, there is an acid test of Labour's policies. The fact is that a Labour Government are in power in Wales and, as the First Minister in Scotland said the other day:

"If Labour has the answer to economic problems and unemployment, why are unemployment and youth unemployment in Wales higher than they are in Scotland? If Labour has the magic solutions, why is it not implementing them in the one place in these islands where it is still in government?"—[*Scottish Parliament Official Report*, 17 November 2011; c. 3582.]

Youth Unemployment

3. **Chris Bryant** (Rhondda) (Lab): What recent estimate she has made of the number of 16 to 24-year-olds who are unemployed in Wales. [81782]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): Current levels of youth unemployment in Wales and across the UK are, of course, disappointing. We are determined to tackle that and will announce additional measures as part of phase 2 of the growth review.

Chris Bryant: That is two Ministers now who have used the word "disappointing" about unemployment. Frankly, it is a tragedy and one of the worst things about it is that a previous Conservative Government consigned constituencies such as mine and whole communities like the Rhondda to long-term mass unemployment. They are doing exactly the same now to a generation of young people. Will the Minister suggest one single thing that he personally is doing in his Department to tackle youth unemployment in Wales and in the Rhondda?

Mr Jones: Of course youth unemployment is too high and of course, sadly, that is not a new phenomenon. In the last Parliament, youth unemployment in Wales increased by 73% and we have not heard a word of apology from the hon. Gentleman for that. We recognise the importance of the problem and that is why we have introduced the Work programme, which provides properly targeted support to young jobseekers.

Jonathan Evans (Cardiff North) (Con): Is not export-led growth one route to addressing youth unemployment? In that regard, will my hon. Friend take this opportunity to congratulate private sector business in Wales, which since the last election has seen a 31% increase in Welsh exports—double the national average and the largest increase of any part of the United Kingdom?

Mr Jones: Yes. My hon. Friend is entirely right. The export figures for Wales were extremely encouraging, led particularly as they were by the engineering sector. In that connection, we must commend Airbus for the wonderful work it is doing in the north-east of Wales.

Inflation

4. **Chris Evans** (Islwyn) (Lab/Co-op): What recent discussions she has had with the Chancellor of the Exchequer on the effects in Wales of the rate of inflation. [81783]

The Secretary of State for Wales (Mrs Cheryl Gillan): I have regular discussions with the Chancellor and other ministerial colleagues on a range of issues affecting Wales. I welcome the latest fall in inflation, which was published by the Office for National Statistics last week.

Chris Evans: On this Government's watch, average food bills have increased by 5%, putting more pressure on hard-working families. I have listened to the Secretary of State's responses, but can she give a guarantee that she is really fighting Wales's corner and fighting for hard-working families in Cabinet?

Mrs Gillan: I thank the hon. Gentleman for what I think was a question. There can be absolutely no doubt about whether I always fight Wales's corner in Cabinet. I thought he would at least be encouraged that the Bank of England has forecast that inflation should fall rapidly over 2012. In the mean time, the Government are taking very strong action to help consumers with high costs. We all want to help households and the Government go to the last degree to do so.

Feed-in Tariff Review

5. **Mr David Hanson** (Delyn) (Lab): When she next expects to meet representatives of the solar industry in Wales to discuss the feed-in tariff consultation. [81784]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): My right hon. Friend the Secretary of State is meeting representatives from the Welsh solar industry next week along with the shadow Minister for Wales to discuss concerns that businesses have about the feed-in tariff review.

Mr Hanson: The Minister will know that confidence in the solar industry has been considerably damaged by the decision on feed-in tariffs. Will he and the Secretary of State now stand up for Wales and ask the Department of Energy and Climate Change to defer the decision date for implementation of 12 December so that the consultation, which finishes on 23 December, can at least have the views of the solar industry he is meeting next week?

Mr Jones: I understand the right hon. Gentleman's constituency interest in this regard. As he rightly says, there is a consultation going on, which ends on 23 December. Although the reference date is indeed 12 December, that is subject to consultation.

Hywel Williams (Arfon) (PC): Antur Nantlle community business group in my constituency has well developed plans for a hydroelectric scheme that will benefit the environment as well as provide an income stream for the venture, but it is concerned that any future change in the tariff will undermine the financial basis of the scheme. What can the Wales Office do to ensure that this example of the big society in action is not jeopardised by the Government's actions?

Mr Jones: The hon. Gentleman will know that the consultation proceeding at the moment relates only to photovoltaic installations. There will be a further consultation in due course in which he will no doubt participate.

Nia Griffith (Llanelli) (Lab): The Government's feed-in tariff fiasco risks shattering all investor confidence in manufacturing in Wales. What will the Minister do to influence ministerial colleagues to prevent imminent job losses in the Welsh solar industry and ensure that any change to the feed-in tariff is given a long lead-in time and is set at a rate that will encourage investment and not increase unemployment?

Mr Jones: We fully understand the difficulties that companies involved in this sector of the economy face as a consequence, but if things had been left as they were, the feed-in tariff budget would have been eaten up. There is a consultation and I have no doubt that the hon. Lady will participate in it.

Enterprise Zones

6. **Caroline Dinenage** (Gosport) (Con): What recent discussions she has had with ministerial colleagues and Ministers in the Welsh Government on the cross-border economic implications of the development of enterprise zones. [81785]

The Secretary of State for Wales (Mrs Cheryl Gillan): I have regular discussions with ministerial colleagues and with the First Minister on various issues, including enterprise zones in Wales. It is vital that businesses investing in Wales are given the same or even better competitive advantages as businesses in places just across the border such as Bristol and Merseyside.

Caroline Dinenage: Given that enterprise zones not only create jobs but have a wider geographical impact on the supply chain with regard to the economy, does the Minister share my surprise at the procrastination of the Welsh Government in locating enterprise zones in Wales?

Mrs Gillan: This is becoming a common theme. Although the enterprise zones have been declared by the Welsh Government, we have only a recent letter from the Minister for Business, Enterprise, Technology and Science of 22 November to Assembly Members, which says that the Department is currently working hard with colleagues in transport, planning and elsewhere to ensure that its enterprise zone policy can be delivered. We can only hope that it gets a wiggle on and gets those details out to businesses as fast as possible.

Nick Smith (Blaenau Gwent) (Lab): Blaenau Gwent, with high unemployment but great potential, includes an enterprise zone. I thank the Secretary of State for meeting developers who propose to build a £200 million race track there. She offered to speak to Ministers from the Treasury and from the Department for Business, Innovation and Skills about that infrastructure plan and capital allowances. Following those representations, will she meet me to feed back on progress?

Mrs Gillan: I am always happy to meet the hon. Gentleman, and I was pleased to meet him and the business people who are thinking of investing in Blaenau Gwent. There is a lot of work to be done on the project, which is exceedingly ambitious, but as the area has been designated by the Welsh Government as an enterprise zone for the automotive industry, I hope that good progress will be made. If any help can be given, I am always happy to see what I can do, and I will certainly be pleased to feed back to the hon. Gentleman.

John Howell (Henley) (Con): Does my right hon. Friend share my regret that it is almost impossible— *[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the hon. Gentleman, but there is a considerable hubbub in the Chamber, which is very unfair for Members asking questions and the Ministers answering them. Let us have a bit of order and some self-respect.

John Howell: Does my right hon. Friend share my regret that it is almost impossible to answer the question about cross-border implications, because there are no details other than the location and sectors for the Welsh enterprise zones?

Mrs Gillan: It is increasingly difficult when relying on another Government to implement a policy, but I remain optimistic because I want the message to go out that Wales is open for business. Enterprise zones will give an advantage to businesses going into these areas and create jobs, and there are good forecasts for the number of private sector jobs to be created by 2015, so I walk in hope. I encourage the Welsh Government to do everything that they can, and I stand ready to help them.

Geraint Davies (Swansea West) (Lab/Co-op): The funding available for the Bristol enterprise zone is nearly as much as the entire amount for enterprise zones for the whole of Wales. How can the Secretary of State justify supporting that alongside the tax on trade and investment in Wales that the Severn bridge toll represents? Will she resist this massive investment at the doorway of Wales that would stop inward investment into Wales?

Mrs Gillan: The amount given to the Welsh Government as a consequence of what is being spent on enterprise zones in England is calculated in exactly the same way under our Government as under the previous Government. The Minister in Wales has received £10 million towards enterprise zones, but she also has a budget of nearly £15 billion at her disposal, and she can decide how she spends that. I encourage the hon. Gentleman to encourage her to look at what she can do in those enterprise zones to encourage businesses.

Inward Investment

7. **Mr Robin Walker** (Worcester) (Con): What recent discussions she has had with (a) ministerial colleagues and (b) others on the work of UK Trade and Investment in promoting inward investment in Wales. [81786]

The Secretary of State for Wales (Mrs Cheryl Gillan): I have regular discussions with ministerial colleagues, UK Trade and Investment and others on promoting inward investment in Wales. I have met the new chief executive of UKTI in the last month and yesterday I met the senior investment adviser for Wales as part of continuing discussions better to promote Wales to potential investors.

Mr Walker: I thank the Secretary of State for that answer. The Select Committee on Welsh Affairs recently heard from the chief executive of UKTI, but he, like our Committee, is still waiting in hope for his first meeting with the Welsh Minister for Business, Enterprise, Technology and Science. Given that surprising fact, and the fact that the Secretary of State herself has met the Committee and UKTI many times, what advice can she give the Welsh Business Minister on pushing the respect agenda and the interests of Welsh business?

Mrs Gillan: My hon. Friend knows that I try to give encouragement to the Welsh Labour Minister for Business, rather than giving her advice, but I am pleased that the Welsh Affairs Committee is investigating trade and investment, and I look forward to giving evidence to the Committee next month. I continue to hold a series of meetings to see how we can assist and work with the Welsh Government to improve those figures.

Paul Flynn (Newport West) (Lab): But is not inward investment always a second best? Brace's bakery, an indigenous Welsh firm with its headquarters in Crumlin, took over an inward investment company in my constituency that was about to close down. On Monday, Brace's increased its work force by a third, so will the Secretary of State give her congratulations and support to indigenous Welsh companies, and ensure that the rest of the country enjoys the great merits of Brace's breads and Welsh cakes?

Mrs Gillan: Now the hon. Gentleman is tempting me; I always like a good Welsh cake. He should know how much I encourage indigenous Welsh companies, not least by my continuous support of the Fast Growth 50, which celebrates indigenous companies and the way they grow the economy, but he must not do down inward investment. In 2010-2011, 38 inward investment projects led to the creation of 2,444 new jobs and safeguarded another 1,100 jobs in Wales. I think that is pretty important and certainly not second best.

Economic Situation

9. **Andrew Selous** (South West Bedfordshire) (Con): What recent discussions she has had with ministerial colleagues on measures to stimulate economic growth in Wales. [81788]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): My right hon. Friend and I have regular discussions with ministerial colleagues, the Welsh Government and other organisations to discuss measures that would help to stimulate economic growth in Wales.

Andrew Selous: Does my hon. Friend agree that the private sector in Wales represents far too small a share of the total Welsh economy? What steps is he taking to change that?

Mr Jones: My hon. Friend is entirely correct. I agree with him, and so do the shadow Secretary of State and the Welsh First Minister. The Government's plan for growth aims to create the most competitive tax system

in the G20 and make the UK the best place in Europe to start, finance and grow a business. That applies to Wales as much as to the rest of the country.

Huw Irranca-Davies (Ogmore) (Lab): Does the Minister agree that one of the best ways to incentivise good growth in difficult times is to invest in green jobs and the green economy? What would he say to my constituent Labour Councillor Phil White, ex-Tower colliery, who has put together proposals for investment in 1,500 homes in five of the most deprived areas of Wales using the feed-in tariff scheme by next March? This Government have cut the legs away from under that scheme, so what would the Minister say to my constituent?

Mr Jones: I am sure the hon. Gentleman listened carefully to my previous answers on the issue. I urge him and his constituents to engage with the consultation now proceeding.

SMEs

10. **David Rutley** (Macclesfield) (Con): What recent discussions she has had with ministerial colleagues and Ministers in the Welsh Government on support for small and medium-sized enterprises in Wales. [81789]

11. **Stuart Andrew** (Pudsey) (Con): What recent discussions she has had with ministerial colleagues and Ministers in the Welsh Government on support for small and medium-sized enterprises in Wales. [81790]

The Parliamentary Under-Secretary of State for Wales (Mr David Jones): My right hon. Friend the Secretary of State and I have regular discussions with ministerial colleagues and Ministers in the Welsh Government to support Welsh businesses.

David Rutley: Given the importance of SMEs in the vital task of job creation in Wales and across the United Kingdom, what steps are the Government taking to reduce the burden of regulation on businesses in Wales?

Mr Jones: My hon. Friend is correct. SMEs are the backbone of the Welsh economy and have long been so. Through our programme of reduction of regulation, we are easing the burden on SMEs and setting up new businesses. It is hoped that that will cause the sector to flourish in Wales.

Stuart Andrew: Does my hon. Friend agree that rises in interest rates would be catastrophic for the prospects of SMEs in Wales, and that maintaining our low interest rates could be at risk if we were to lose our triple A rating, making it more difficult for Wales to maintain its competitive edge when it comes to exports?

Mr Jones: Yes, my hon. Friend is entirely correct. This Government have had to take tough decisions on the economy. The fruit of that is that we have maintained our triple A rating and, as a consequence, this country is in a far better position than many of our competitors.

Albert Owen (Ynys Môn) (Lab): Small businesses in my constituency have written to me this month saying that they are going to lay people off or may face closure because of the Government's policy on the feed-in tariff for solar. Will the Minister give a categoric assurance to the House that he will lobby the Treasury and Ministers at the Department of Energy and Climate Change to ensure that the scheme is maintained to help businesses that are doing the right thing in Wales?

Mr Jones: The hon. Gentleman will have heard my previous answers on this question. I urge him also to contribute to that consultation, and no doubt he will participate in the debate this afternoon.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): It is estimated that the SME sector accounts for 90% of employment in Wales. What discussions has the Minister had with the Welsh Government about promoting this vital sector?

Mr Jones: The hon. Gentleman is entirely correct. As I have said, the SME sector is the backbone of the Welsh economy. We have regular discussions with the Welsh Government. In fact, I am meeting the appropriate Welsh Minister next Monday for that purpose.

Broadcasting

13. **Sarah Newton** (Truro and Falmouth) (Con): What recent discussions she has had with (a) ministerial colleagues and (b) others on broadcasting in Wales. [81792]

The Secretary of State for Wales (Mrs Cheryl Gillan): I have had recent discussions with ministerial colleagues in the Department for Culture, Media and Sport on a range of issues, including broadcasting in Wales. My hon. Friend the Under-Secretary of State for Wales and I have also had recent discussions with the BBC Trust, the S4C Authority and independent Welsh television producers on the issue.

Sarah Newton: Will my right hon. Friend join me in calling on the head of the BBC to reconsider his savage cuts to BBC local radio so that people in Wales can continue to enjoy Welsh language broadcasting alongside people in Cornwall enjoying Cornish language broadcasting?

Mr Speaker: Order. I do not know whether the microphones are playing tricks on us or—more likely—there is just too much noise. I wanted to hear fully what the hon. Lady was saying.

Mrs Gillan: I think I got my hon. Friend's drift. I congratulate her on being a champion of the Cornish language. Like me, she will want to recognise and congratulate the BBC and S4C on reaching an agreement on the funding governance and accountability of S4C until 2017, thereby securing Welsh language broadcasting in Wales?

Kevin Brennan (Cardiff West) (Lab): Anyone watching the BBC's excellent sporting coverage this weekend might like to know that the odds on the right hon. Lady remaining Secretary of State have dropped from 8:1 to 2:1. Would she recommend that they have a flutter on that?

Mrs Gillan: I would tell the hon. Gentleman not to bother wasting his money.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [81730] **Andrew Bingham** (High Peak) (Con): If he will list his official engagements for Wednesday 23 November.

The Prime Minister (Mr David Cameron): I am sure that the whole House will wish to join me in paying tribute to Private Matthew Thornton from 4th Battalion The Yorkshire Regiment, Lance Corporal Peter Eustace from 2nd Battalion The Rifles, Lieutenant David Boyce and Lance Corporal Richard Scanlon, both from The Queen's Dragoon Guards, and Private Thomas Lake from 1st Battalion The Princess of Wales's Royal Regiment. They were all courageous soldiers held in the highest regard by their comrades. We owe them a great debt of gratitude for their service and sacrifice and send our condolences to their families and friends.

I am sure that the whole House will also wish to join me in paying tribute to Alan Keen, who sadly died after a courageous battle with cancer. He was a popular constituency MP who served Feltham and Heston for nearly 20 years. Before entering politics, Alan was a scout for Middlesbrough football club and continued to be a great advocate for sport, not least through his chairmanship of the all-party parliamentary football group, which grew to be one of the largest in the House under his stewardship. We send our deepest sympathies to his wife, Ann, who is a friend to many here, and to his family and all his constituents. He will be missed by Members on both sides of the House.

This morning I had meetings with ministerial colleagues and others, and in addition to my duties in this House I shall have further such meetings later today.

Andrew Bingham: I join the Prime Minister in paying tribute to our brave soldiers who this week gave their lives in service to our country. All our thoughts should go out to them and their families at this very difficult time. Similarly, I join the tribute paid to the late hon. Member for Feltham and Heston.

The mass strike proposed by the unions for this time next week will cause great upheaval for many of my constituents in High Peak. Does the Prime Minister agree that it is wholly irresponsible for the unions to bring their members out on strike based on such a small number of votes and when negotiations on pensions are still ongoing?

The Prime Minister: My hon. Friend makes a very important point. It really is irresponsible, when negotiations are ongoing, to cause strikes that will lead to the closure of most of the classrooms in our country. It is the height of irresponsibility. What is on offer is an extremely reasonable deal: low and middle-income earners getting a larger pension at retirement than they do now; all existing accrued rights being fully protected; and any worker within 10 years of retirement seeing no change in either the age they can retire or the amount they can receive. It is also a tragedy that it is not just the union leaders who do not understand this; the Labour party refuses to condemn these strikes.

Edward Miliband (Doncaster North) (Lab): I join the Prime Minister in paying tribute to Private Matthew Thornton from 4th Battalion The Yorkshire Regiment, Lance Corporal Peter Eustace from 2nd Battalion The Rifles, Lieutenant David Boyce and Lance Corporal Richard Scanlon, both of 1st The Queen's Dragoon Guards, and Private Thomas Lake from 1st Battalion The Princess of Wales's Royal Regiment. All those men died serving our country with the utmost bravery and courage, and my deepest condolences, and those of the whole House, are with their families and friends.

I also want to pay tribute, as the Prime Minister rightly did, to Alan Keen, the former Member for Feltham and Heston. He was, as the Prime Minister said, somebody who had friends across the House. He was somebody who believed in young people, in opportunities for young people and, most of all, in the power of sport to change people's lives—and, as I heard at his funeral yesterday, he certainly had an unusual idea for his first date. He took his future wife, Ann, to the Orient, which turned out not to be a Chinese restaurant but to be Leyton Orient, who were playing that day. He was a great and lovely man, and he will be missed by all of us, but most of all by Ann and by his family.

Can the Prime Minister tell us the increase in long-term youth unemployment since he scrapped the future jobs fund in March?

The Prime Minister: Youth unemployment is up since the last election, I accept that; and youth unemployment is unacceptably high in this country, as it is unacceptably high right across Europe. The problem is that youth unemployment in this country has been rising since 2004, and under the previous Labour Government it went up by 40%.

What we have to do to help young people back to work is to improve our school system so that they have proper qualifications; improve our welfare system so that it pays to work; and improve our employment system so that there are proper apprenticeships to help young people. We have 360,000 apprenticeships this year, helping young people to get work.

Edward Miliband: Under 13 years of a Labour Government, youth unemployment never reached 1 million; it has taken the Prime Minister 18 months to get to that tragic figure. Given that he did not answer the question, let me tell the House the reality: since he scrapped the future jobs fund in March, long-term youth unemployment has risen by 77%. Now, can he tell us what has happened to long-term youth unemployment since he introduced his Work programme in June?

The Prime Minister: First, let me just repeat: youth unemployment went up by 40% under a Labour Government. Let me also remind the right hon. Gentleman of something that his brother, the right hon. Member for South Shields (David Miliband), said last week. He said very clearly that this Government did not

"invent the problem of youth unemployment".

We should have that sort of candour from this brother.

The Leader of the Opposition asked me very specifically about the future jobs fund and the Work programme. Let me give him the answer. The Work programme is helping 50% more people than the future jobs fund: it will help 120,000 young people this year, where the future jobs fund helped only 80,000. The waiting time for the most needy young people will be half the waiting time under the future jobs fund; under the Work

programme, those who are not in education, employment or training will get help—*[Interruption.]* I would have thought that Opposition Members would want to hear about what we are doing to help young people. They will get help within three months, rather than six, but the absolute key is that, because we are paying by results, the Work programme will actually help those who need the most help, whereas the future jobs fund put a lot of graduates into public sector jobs and was five times more expensive than the alternative. That is why we have scrapped it and replaced it with something better.

Edward Miliband: Classically, lots of bluster but no answer to the question I asked—*[Interruption.]* Government Members will be interested in the answer that the Prime Minister did not give, because in June, when the Work programme was introduced, 85,000 young people had been unemployed for more than six months; now, there are 133,000—a massive increase since he introduced the Work programme. If he is serious about tackling youth unemployment, he should get those on the highest incomes to help those with no income at all. Why does he not tax the bankers' bonuses and use the money to create 100,000 jobs for our young people?

The Prime Minister: We have introduced the bank levy, which is going to raise more every year than the right hon. Gentleman's bonus tax would raise in one year.

We have just heard a new use for the bonus tax—there have been nine already. Let me give the right hon. Gentleman the list. He has used his bonus tax for higher tax credits; giving child benefit to those on the highest rates of tax; cutting the deficit; spending on public services; more money for the regional growth fund—that is when he is defending it rather than attacking it; turning empty shops into cultural community centres; and higher capital spending. This is the bank tax that likes to say yes. No wonder the shadow Chancellor has stopped saluting and started crying. *[Laughter.]*

Edward Miliband *rose—*

Hon. Members: More!

Edward Miliband: Even for this Prime Minister, to be playing politics with youth unemployment is a complete outrage. He is the one—*[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the right hon. Gentleman. Let me say it again: the Prime Minister will be heard, and the Leader of the Opposition will be heard. Laughing about the denial of a hearing is not to the credit of any hon. or right hon. Member.

Edward Miliband: The truth is, the Prime Minister is the one cutting taxes for the banks year on year in the course of this Parliament. That is the reality. He is creating a lost generation of young people, and he knows it. It is his responsibility; it is happening on his watch.

The Prime Minister said on Monday to the CBI that it was "harder than anyone envisaged" to get the deficit down, but he was warned that his strategy of cutting too far and too fast would not create jobs; he was warned that it would not create growth; and he was warned that he would find it harder to get the deficit down. Is that not exactly what has happened?

The Prime Minister: The right hon. Gentleman accuses us of cutting taxes. Let me tell him what we are cutting. We are cutting interest rates, which is giving the economy the best boost. We are cutting corporation tax, and we now have the lowest rates of corporation tax in the G7. We are cutting tax for the low-paid, because we have taken 1 million people out of income tax. We are freezing the council tax, cutting the petrol tax and scrapping Labour's jobs tax. That is what this Government are doing.

Let me answer the right hon. Gentleman directly on the issues of growth and debt, because this is absolutely key. *[Interruption.]* The shadow Chancellor is at it again, I am afraid. All over Europe there is an interest rate storm, with high interest rates in Spain, Italy and even some of the countries at the heart of the eurozone. We must ensure that we keep this country safe with low interest rates. Let me just remind the Leader of the Opposition of this: if interest rates went up by 1% in this country, that would add £1,000 to the typical family mortgage. That is the risk that we would have with Labour's plans for more spending, more borrowing and more debt.

Edward Miliband: There he goes again; when it goes wrong, it is nothing to do with the Prime Minister. It is his ABC—Anyone But Cameron to blame when things go wrong.

What did the Chancellor say at the time of the Budget last year? He said that his approach would deliver

"a steady and sustained economic recovery, with low inflation and falling unemployment."—[*Official Report*, 22 June 2010; Vol. 512, c. 168.]

Three promises made; three promises broken. The Government's plan is failing, and that is the truth. Does that not show why at the autumn statement, the Prime Minister should change course?

The Prime Minister: Let me just give the right hon. Gentleman the latest growth figures in Europe. Britain grew at 0.5% in the last quarter, which is the same as the US and Germany, faster than France, faster than Spain, faster than the EU average and faster than the eurozone average. That is the fact. Of course it is a difficult economic environment that we are in, but is there a single other mainstream party anywhere in Europe that thinks the answer to the debt problem is more spending and more borrowing? If he is worried about the level of debt, why is he proposing to add another £100 billion to it? It is the height of irresponsibility, and the reason why people will never trust Labour with the economy again.

Edward Miliband: How out of touch does this Prime Minister sound? Some 1 million young people and their families are worried about finding a job and all he offers is complacency and more of the same. Now we know it: however high youth unemployment goes and however bad it gets, it is a price worth paying to protect his failed plan. I tell him this: unless he changes course next week, 1 million young people will become the symbol of his failed economic plan and an out-of-touch Prime Minister.

The Prime Minister: The right hon. Gentleman asks for a change of course. Let me just say to him what the

leading economic organisations in our country and, indeed, across the world say about that issue. The IMF says this:

"'Is there a justification for a shift in the policy mix', we think the answer is no."

Let us listen to the Governor of the Bank of England, Mervyn King:

"There has to be a Plan A"—

[Interruption.] The Leader of the Opposition says that he would not listen to him; it was Labour who appointed him.

"There has to be a Plan A...this country needs a fiscal consolidation starting from its largest peacetime budget...ever".

Who was it who gave us that peacetime budget? The Labour party. Let us listen to the CBI, the leading business organisation in this country:

"Priorities for the next 12 months: Stick closely to the existing credible plan".

That is what the experts say; that is what business says; that is what the Bank of England says. Would you listen to them or would you listen to the people who got us into this mess in the first place?

Q2. [81731] **Richard Ottaway** (Croydon South) (Con): Returning to next week's public sector strikes—*[Interruption.]* They don't like it up 'em, do they? Is the Prime Minister aware that, of the three largest unions, the turnouts in the strike ballot were 32%, 31% and 25% respectively? Does my right hon. Friend agree that any striker has the right to strike if he so wishes, but he should not engage in mass action unless he has the support of the majority of those unions' membership?

The Prime Minister: My hon. Friend makes a very important point. As I said, it is wrong that these strikes are going ahead when negotiations are under way. It is wrong to strike and to close so many classrooms and essential services, but it is being done on the basis of those turnouts. Just one quarter of Unison members voted to strike, and just 23% of those balloted at Unite voted in favour. *[Interruption.]* I am not surprised that Labour Members want to shout me down. We know why they will not condemn the strikes, because we got the figures today on where they get their money from. In the right hon. Gentleman's first year as leader of the party, 86% of Labour's donations have come from the trade unions—86%! Under the previous Labour leader, it was 56%. That is about the only thing the Leader of the Opposition has improved since the time of Gordon Brown.

Q3. [81732] **Ann McKechin** (Glasgow North) (Lab): I understand that the Prime Minister is having trouble connecting with women and is seeking advice. Given that female unemployment has increased this year by 20%, that women have been the hardest hit by public sector cuts and the VAT rise, and that they have benefited the least from his tax give-aways, does he not agree that it is time for a plan B which reverses the VAT increase and ensures that benefits increase in line with inflation?

The Prime Minister: I do not agree with the hon. Lady. Of course, every family in Britain is facing a difficult time, with rising inflation, tight household budgets and a public sector pay freeze. But let us look at what we are doing in terms of trying to help women. Of the 1 million people we have lifted out of tax at the lowest end, many are women. What we are doing in terms of additional child care is helping women. The extra hours we are giving for two, three and four-year-olds—that is helping women. So I do not accept what she says. This is a difficult economic environment, but the changes we are making to public sector pensions, for instance, mean that low-paid people in the public sector will actually get a better pension, including many women. Because she, like everyone else on the other side, is in the pocket of the unions, they cannot see that or say it.

Q4. [81733] **Simon Kirby** (Brighton, Kemptown) (Con): Given the Government's intention to freeze council tax, is the Prime Minister as astounded as I am that Green-run Brighton and Hove council is planning to decline £3 million of council tax grant and is planning instead to raise council tax by 3.5%, so costing local tax payers £4 million?

The Prime Minister: That is a very important point. At a time of difficult household budgets, it is this Government who have cut the petrol tax, and we are freezing the council tax and have made that money available to councils up and down the country. It is a decision for individual councils. If they want the money to go ahead with the council tax freeze, the money is there, but if they reject it, as they plan to in Brighton, that is a huge mistake, because the council will be asking families in Brighton to pay more at a time when it should be on their side.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): Earlier this year, the Prime Minister confirmed that he would meet members of the cross-party inquiry into stalking, which I chair. It is indeed welcome news that the Home Office will now be consulting with a view to legislating. Will he confirm that the inquiry's evidence-based deliberations and conclusions will be fully taken into account in considering future legislation?

The Prime Minister: I can certainly give the right hon. Gentleman that assurance. It is important that we take forward the work that the Home Office and the Ministry of Justice have done in looking at a proper, separate offence for stalking and recognising that there is a gap in the current law that we should fill, because there are people who are not getting the protection and help from the police that they need.

Q5. [81734] **Mr Edward Timpson** (Crewe and Nantwich) (Con): There is genuine concern in Crewe about over-development in respect of housing. How can my right hon. Friend ensure that my constituents get a greater say in planning decisions for new housing estates required for our housing shortage?

The Prime Minister: The great strength of the Localism Act is that we are giving local people a much greater say. In many parts of the country, that will be welcomed, because people can see the advantages of development going ahead, and recognise that if they build extra houses they will keep the council tax and that if they attract extra businesses they will keep the business taxes. That will help to end the problem that we have had for so long of communities not seeing any advantage

in development taking place. But it should be a matter for them to decide, as in the case of Crewe.

Malcolm Wicks (Croydon North) (Lab): Does the Prime Minister agree that the history of Northern Rock represents a kind of modern-day morality tale or play, in that here we have a decent, mutual and responsible building society, which is then privatised, then over-extends, then goes bust, is then bailed out by the taxpayer, and now, sadly, instead of returning to mutuality, is sold off dirt cheap to one of the brashest companies in England?

The Prime Minister: I was with the right hon. Gentleman for some of the way through his question, but let us look at the decision the Government have taken. First, we are selling a business that was costing the taxpayer money, and getting well over £700 million for that business. The second thing we are doing, which is in the interests of every single person in this House and everyone in this country, is to get another functioning bank and building society on our high street lending money. How many times do all of us go to our constituency surgeries and hear people say, "I can't get a mortgage", or small businesses say, "I can't get a loan"? We need a good, new, healthy lending institution out there, and hon. Members should welcome the fact that it is going to be based in the north-east of England, as Northern Rock was.

Q6. [81735] **Mark Menzies** (Fylde) (Con): At a time when the Government are taking steps to drive growth in the economy, will the Prime Minister update the House on what measures are being taken to attract high-quality inward investment to enterprise zones such as Warton in my constituency?

The Prime Minister: I do think the enterprise zones are going to be a success, because we are basing them, as in my hon. Friend's constituency, in areas where there is already a successful cluster of businesses. Take, for instance, the enterprise zones at Daresbury science park or at Harwell in Oxfordshire, or the one in Wolverhampton, where Jaguar Land Rover has said that it is going to establish a new plant employing 1,000 people. Enterprise zones are being well applied, they are a good success story, and this Government are right behind them.

Q7. [81736] **Chris Bryant** (Rhondda) (Lab): The personal damage caused by long-term unemployment can be phenomenal. On average, somebody who is unemployed for more than six months is six times more likely to contract a serious mental health problem. Does the Prime Minister not worry that we will have a generation of young people who will suffer many of the problems of lack of self-esteem and of never having a first job? Would it not make more sense to guarantee every under 24-year-old a job after six months' unemployment, thus paying them to work, not paying them benefits?

The Prime Minister: The hon. Gentleman makes an important point about the scarring effect of long-term youth unemployment. We are doing two important things to try to help with that. First, we are helping those not in employment, education or training within three months through the Work programme, rather than the six months under the future jobs fund. Secondly, one of the most successful schemes that there has been in recent years is giving people work experience placements. We will produce evidence on that soon. In many cases, it is leading to direct employment opportunities for young people. The Deputy Prime Minister will say more about that later this week, but we are doing everything that we can to help young people into work and to prevent the scarring effects that the hon. Gentleman talks about.

Q8. [81737] **Louise Mensch** (Corby) (Con): May I associate myself with the Prime Minister's tribute to Alan Keen? He was our dear friend and colleague on the Select Committee on Culture, Media and Sport. Everybody who worked with him will miss him greatly.

Will the Prime Minister acknowledge that one of most disruptive impacts of next week's strikes will be on mums and dads with children in school? Will he join me in encouraging employers to allow parents to bring their children to work when it is safe to do so?

The Prime Minister: I am sure that everyone in the House will agree with the tribute that my hon. Friend paid to her colleague from the Select Committee and to the very good work that he did on that Committee.

My hon. Friend makes a good point about the strikes next week. Frankly, the strikes are going to go ahead and everybody should be very clear about where the responsibility lies: it lies with the union leaders and with the Labour party, which is taking their side and backing the strike. She makes the important point that when it is safe for people to take their children to work, organisations should allow them to do so.

Q9. [81738] **Tom Greatrex** (Rutherglen and Hamilton West) (Lab/Co-op): The Prime Minister is probably aware that up to 20,000 individuals across the United Kingdom have lost considerable sums of money, often their pension savings, through the collapse of the Arch Cru investment fund. That fund was advertised and marketed as being cautious, and turned out to be anything but. Will he heed the calls from all parts of the House for the Government to use the powers of section 14 of the Financial Services and Markets Act 2000 to institute an immediate inquiry so that this never happens again?

The Prime Minister: Like the hon. Gentleman, I have been contacted by constituents who have lost money because of that fund and who are very concerned about what is happening. There has been a Westminster Hall debate on this issue, where the Financial Secretary to the Treasury set out the position and the responsibility of the Financial Services Authority. I will look carefully at what the hon. Gentleman says and see whether we can do more.

Q10. [81739] **Mr Alan Reid** (Argyll and Bute) (LD): I fully understand that savings have to be made in the defence budget, but I am very concerned by the proposals for significant cuts to the Ministry of Defence police budget and the possible implications for security at the nuclear bases at Faslane and Coulport in my constituency. Will the Prime Minister please look at those proposals carefully?

The Prime Minister: My hon. Friend makes an important point. The defence budget overall is £35 billion and it will continue at pretty much that cash figure throughout this Parliament. It will still be the fourth largest defence budget anywhere in the world. I assure him that there are no current plans to reduce the number of Ministry of Defence police at the Faslane or Coulport naval bases. Those are vital sites, as he knows, but obviously we have to look at all the costs at the Ministry of Defence and ensure that we are getting the safety that we need.

Q11. [81740] **Dr Alan Whitehead** (Southampton, Test) (Lab): Does the Prime Minister favour the establishment of local authorities that meet only to give out contracts to others and that provide no direct services to the local population?

The Prime Minister: What I support is local authorities that provide good services and keep their council taxes down. I think that the hon. Gentleman's part of the world has had the advantage of a bit of change and some common-sense conservatism.

Mr Stewart Jackson (Peterborough) (Con): Some 1,600 people are employed by Thomas Cook at its headquarters in Peterborough. They are rightly concerned about the media coverage over the last two days of the company's difficulties. Will my right hon. Friend join me in supporting this great British institution, which has been providing travel to British people for 170 years? People can support the company by booking their holidays through Thomas Cook, safe in the knowledge that it is part of the ATOL scheme, and they will have an excellent holiday to boot.

The Prime Minister: My hon. Friend speaks up for an iconic and important British business that has given people a lot of pleasure over the years. I have asked the Department for Business, Innovation and Skills to give me a report on what is happening at Thomas Cook, because it is important to ensure that it is in a good, healthy state.

Q12. [81741] **Helen Jones** (Warrington North) (Lab): Recent research has shown that the NHS achieved the biggest drop in cancer deaths and the most efficient use of resources among 10 leading countries. Will the Prime Minister accept that he did not inherit an NHS in crisis, but one that was rapidly improving? Will he stop using dodgy 10-year-old statistics to justify his wasteful and destructive NHS privatisation?

The Prime Minister: I am a huge supporter and fan of the NHS. There are many things that are truly wonderful about our NHS. We should celebrate that, but under the last Government, the number of managers in the NHS doubled—the number of NHS managers was increasing six times faster than the number of nurses—and NHS productivity was falling. If a Government inherit a situation like that, it makes sense to make some changes. That is why we see, since we have come in, 14,000 fewer non-clinical staff, but more doctors and midwives, and more operations taking place. If the hon. Lady wants something to celebrate in the NHS—*[Interruption.]*

Mr Speaker: Order.

The Prime Minister: Thank you, Mr Speaker. If the hon. Lady wants celebrate something in the NHS, mixed-sex wards are down 90% since this Government came to office.

Q13. [81742] **Mr John Whittingdale** (Maldon) (Con): Is my right hon. Friend aware of research by the TaxPayers Alliance—*[Interruption]*—that shows that residents of the Maldon district are paying more in motoring taxes and receiving less in direct benefit than anyone else in the entire country? My constituents appreciate that they would be paying even more in motoring taxes under the plans of the previous Labour Government, but does my right hon. Friend accept that, for them and others in rural areas, such taxes are becoming an intolerable burden?

The Prime Minister: I do accept what my hon. Friend says. That is why in the Budget we took the decision not only to get rid of the tax increases on petrol that were coming down the track, but to make a cut in petrol duty. Effectively, that was 6p off a litre of diesel or petrol. It seems to me essential that, at a time of economic difficulty, we demonstrate that we are behind those people who want to work hard and do the right thing, by freezing their council tax, scrapping Labour's jobs tax and helping them with their motoring expenses. This Government are absolutely committed to doing that. It is all very well Opposition Members shouting about the TaxPayers Alliance, but it does a good job of drawing attention to those things. Also, the difference is that the TaxPayers Alliance does not pay us to put down amendments.

Q14. [81743] **Mr Gordon Marsden** (Blackpool South) (Lab): The whole House will approve of the belated conversion of the Justice Secretary to the office of the chief coroner, but there are many concerns in the House about war memorials. The other week I brought a petition to the Prime Minister, which 3,000 people in Blackpool had signed. Will he now use his office and his weight to persuade the Justice Secretary and his Ministers to look urgently at new protections for war memorials and new penalties for those who attack them?

The Prime Minister: I think that the hon. Gentleman speaks for the whole House and the whole country in saying that what has been happening to our war memorials is completely unacceptable. I do not think there is a single answer. It may lie, as he said, in some new punishments and rules, but it also lies in looking at how the scrap metal market is currently regulated.

I hear very clearly what the hon. Gentleman says about the office of the chief coroner. I am delighted that we have been able to put forward an amendment and to accept some of those points. The one thing that we should try to avoid—this is really important, because all of us want to do the right thing for those soldiers and their families who have given so much to our country—is having an endless right of appeal. I do not think that that would be a good idea. I think it would actually damage the interests of families—

Mr Speaker: I am extremely grateful to Prime Minister.

Stuart Andrew (Pudsey) (Con): Over the last 30 years, thousands of vulnerable and disadvantaged children in the UK have been supported through projects funded

by Children in Need. Will my right hon. Friend join me in congratulating Children in Need on raising more than £600 million over the years, and will he pay tribute to my constituents, who came together as a town, raised thousands of pounds and welcomed Pudsey bear home for the first time?

The Prime Minister: I am very glad my hon. Friend managed to get in, and I apologise, Mr Speaker, for almost squeezing him out. It would be a tragedy if we did not have this opportunity to pay tribute to Pudsey and all that Pudsey has achieved over many years.

Q15. [81744] **Jim Shannon** (Strangford) (DUP): Last week, I visited Afghanistan through the armed forces parliamentary scheme and had the opportunity to meet the commanding officer in Helmand province. He stated that he needs two things before any British withdrawal in 2014: political help and influence with countries neighbouring Afghanistan to enable it to develop, and sufficient training and adequate equipment for the Afghan army. Can the Prime Minister assure the House today that those requests will be delivered prior to any 2014 withdrawal from Afghanistan?

The Prime Minister: The hon. Gentleman is right to speak up on this issue and to repeat what he heard in Afghanistan. He is absolutely right that we need to help the neighbouring countries—and, as we speak, my national security adviser and other members of my team are in Pakistan speaking with the Pakistani Government. On the equipment, assistance and training given to the Afghan national army, we now publish a monthly report to the House so that everyone can see the progress that we are making in equipping and training the Afghan national police and army. In spite of all the difficulties in Afghanistan, that is broadly on track.

Mr Speaker: We now come to the statement from the Secretary of State for Energy and Climate Change. I appeal to right hon. and hon. Members leaving the Chamber to do so quickly and quietly so that those who remain can hear the statement.

Annual Energy Statement

12.35 pm

The Secretary of State for Energy and Climate Change (Chris Huhne): It is important that when we discuss feed-in tariffs later today we understand the impact of our policies, and that is why we have brought forward the annual energy statement—so that the House can discuss the matter in its proper context during the debate later.

I am today publishing alongside the annual energy statement a consultation document on secondary legislation to provide for the green deal. It is important that we get this consultation under way as soon as possible because it will allow an expectant industry to begin planning for this vital energy saving policy.

The statement on our energy policy fulfils a commitment in the coalition agreement, and in describing the progress made and the policies under way, the statement also honours one of the coalition's principles: our commitment to open and transparent government.

The consumer is at the heart of everything we do. Our decisions must ensure that the consumer is protected as far as possible from rising prices, and so we will secure our energy at the lowest cost. We will do so in the short term by promoting competition, in the medium term by insulating our homes and in the long term by steering us away from excessive reliance on fossil fuels and on to clean, green and secure energy.

The ultimate goals of the Department of Energy and Climate Change are to deliver clean energy for the future and to tackle dangerous climate change. Our vision is of a thriving and globally competitive low-carbon economy with cleaner energy, more efficient homes and lower bills. Over the past 12 months, we have taken significant steps to achieve just that. On both supply and demand, we have begun to deliver key coalition commitments, starting with energy efficiency.

Energy saving is now an equal priority with energy production. An economy that wastes energy cannot thrive in a high-demand, low-emissions world. Improving energy efficiency will save money and cut carbon, which is why we are creating a new energy efficiency deployment office within the Department. Our first task is to make our homes and businesses less leaky and wasteful. The Energy Act 2011, which received Royal Assent earlier this year, provides for the green deal—the pioneering programme under which businesses will install energy saving measures in our homes and recoup the costs over decades from the energy savings.

I am today launching the consultation on the secondary legislation that will allow green deals to begin next autumn, including the energy company obligation, which will support those who need the most help. Improving our buildings is vital but we must also change how we warm them in the first place. We are determined to help consumers heat their homes and businesses securely and affordably, and we will publish a heat strategy next year.

We are also making it easier for people to save energy. In March, we set out the strategy and timetable for introducing smart meters, which can help consumers to manage their energy use. Furthermore, we continue to push for ambitious EU vehicle emissions standards, and are providing £300 million in consumer incentives for ultra-low emissions vehicles and further support for research and development.

We are also working to secure Britain's energy supplies. We need significant new investment in power plants and infrastructure to meet future demand. In July, we published the White Paper on electricity market reform, heralding the biggest change to the market since privatisation. We are also introducing a new system of long-term contracts, to remove uncertainty and attract investment, and a new mechanism for back-up electricity generation, to keep the lights on. We are setting new standards on emissions from power stations, to ensure that they are clean, and the Treasury is supporting low-carbon generation with a floor price for carbon, to help encourage low-carbon investment in the UK. Together, the reforms will deliver secure, affordable electricity from a diverse mix of sources, including renewables, new nuclear and fossil fuels, including carbon capture and storage.

Each of those energy sources will be important. They will work together in concert to deliver a reliable energy system, and over the past year we have introduced a range of policies to support them. We have published the first ever renewables road map, setting out the barriers to deployment and what must be done to deploy renewable energy at scale. We have also published a consultation on the right level of subsidy to support jobs, investment and growth. Professor Weightman's report into nuclear safety after Fukushima reassures me that nuclear can be an important and safe part of the energy mix without public subsidy. In October, as part of our work to enable new nuclear build, I published the regulatory justifications for two reactor designs. Fossil fuels will remain important. That is why we are firmly committed to carbon capture and storage, with £1 billion still available for projects in the CCS programme, despite the disappointment of the Longannet project. Promising projects have been proposed, and we are developing a streamlined selection process, which we will set out shortly. Gas will continue to feature strongly in our energy mix, and our policies are designed to allow new gas plant to be built. I welcome Ofgem's proposals to sharpen incentives for reliable gas supply.

We may need further measures to ensure that we are ready for low-probability, high-impact events. I am asking Ofgem to report to us by next spring on any such measures. We are improving the technical foundation of our energy security. Earlier this month, we laid the statutory security of supply report before Parliament, which sets out future supply and demand forecasts, and discusses risks and drivers. We are also making it easier for new nationally significant energy projects to be delivered. In July, this House approved the national policy statements for energy infrastructure, against which major energy projects will be assessed. Developers can now have greater certainty about how applications for consent will be considered and absolute certainty on when decisions will be made, with statutory time scales to ensure investor confidence.

Our actions will maintain the diversity and security of our energy supplies. We are working hard to ensure that they are delivered at the lowest possible cost. In a world of volatile fossil fuel prices—we all know about the events in the middle east and Libya—those objectives complement each other. We believe that the policies we have introduced will deliver the best value for consumers,

as we move towards a cleaner energy future. However, as we embark on the transformation of our energy system, we must take people with us. That is why I am today publishing an assessment of prices and bills, and the impact of our policies.

Overall, we anticipate that rising world gas prices will push up bills for both gas and electricity, but our policies will moderate that rise. By 2020, we expect household bills to be 7%—or £94—lower than they would otherwise be without our policies. Moreover, bills will be lower during this Parliament. Britain's homes will be cheaper to heat and to light than if we did nothing, in this Parliament and in the longer term. Those savings will result above all from our energy-saving policies and from market reform. In addition, we decided to fund the renewable heat incentive and carbon capture and storage commitments from general taxation, rather than from planned levies.

To sum up again, rising global fossil fuel prices and decades of under-investment will mean that prices for energy will rise in the UK, just as they will elsewhere. We cannot control global gas prices, but we can, as a Government, soften the blow. Prices and bills are forecast to rise, but we can ensure that they rise less than they would otherwise have done.

We want to leave a fairer energy legacy than those before us did. Between 2001 and 2009, fuel poverty doubled. The warm home discount and the affordable warmth part of the ECO, on which we are consulting, are targeted at the poorest and most vulnerable households. The warm home discount will support up to 2 million homes each year, helping more than 600,000 poorer pensioners, with £120 off their energy bills this winter. Other vulnerable people will also be eligible for a rebate. That discount scheme is worth two thirds more than the voluntary scheme that operated under the last Government. The Warm Front programme helped 130,000 households last year, providing advice and installing heating and insulation, with a further 90,000 set to benefit over the next two years. As it phases out, the affordable warmth part of the ECO subsidies will phase in to replace it.

We are also helping consumers more generally to take advantage of a competitive energy market. Consumers could save up to £200 by shopping around for the lowest online rate, but last year fewer than one in five households switched suppliers. We are making it easier and faster to switch, and we have launched a campaign to encourage consumers to check, switch and insulate to save.

We are also mindful of the impact on businesses. Earlier this year we published our proposals on the simplification of the CRC—carbon reduction commitment—energy efficiency scheme and for the new climate change agreements. We are committed to simplifying the regulatory burden on industry, while driving behaviour change to improve efficiency and reduce emissions.

Lower levels of energy efficiency savings mean that our policies will typically have a larger impact on energy bills for businesses. By 2020, policies are estimated to add 19% to the average energy bill of businesses that are medium-sized energy consumers. For large energy-intensive users, who are more exposed to fossil fuel price volatility, that figure is between 2% and 20%. It is important that these industries play their part in the transition to a low-carbon economy, but it is also important that they remain competitive. That is why we are working with the Department for Business, Innovation and Skills and the Treasury to announce measures before the end of the year to support those energy-intensive industries whose competitiveness is most at risk.

The energy sector is a vital part of our economy. Energy industries employ 173,000 people, contribute nearly 4% of our gross domestic product and provide more than half of our industrial investment. More than 51,000 companies in Britain provide low-carbon and environmental goods and services. Exports are now £11.3 billion a year—up 3.9%. Last year, nearly 4,500 new jobs were created in the sector, which grew by 4.3%.

We expect that our policies, like the renewable heat incentive, will strengthen supply chains across the country, bringing jobs and growth. The green deal alone will kick-start at least £14 billion of investment in the decade to 2022 and support at least 65,000 insulation and construction jobs by 2015. We want to ensure that young people today can play their part in the industries of tomorrow, so we are supporting green apprenticeships to build the skilled work force we need to deliver the green deal.

In conclusion, between now and 2030, our relationship with energy will change fundamentally. We have to build a new energy portfolio—one that is equal to our changing needs and our ambitious carbon targets. It has to be supported by a new consensus. Helping consumers to understand their energy costs, and how our policies affect them, is key. The decisions we take now will affect the way our energy is delivered for decades to come. I commend the statement to the House.

Mr Speaker: We are grateful to the Secretary of State, who has significantly exceeded his time. I gently remind him of the merits of the use of the blue pencil. So far as today is concerned, I must obviously make an allowance in respect of the response from the shadow Secretary of State.

Caroline Flint (Don Valley) (Lab): I thank the Secretary of State for briefing the media about his statement today, before informing either the House or the Opposition. Is it any surprise that he is becoming increasingly rattled by growing opposition from his own Benches to the Government's cuts in the solar power sector, and has chosen to bring his statement forward in order to squeeze time in our Opposition day debate this afternoon? Perhaps he is also trying to put a gloss on the Government's energy policy before the energy statistics are published tomorrow—or perhaps advisers or lobbyists with "excellent contacts" with Ministers advised him to bring his statement forward. Whatever the reason, disrespect has been shown to the House today.

The Secretary of State said, "The consumer is at the heart of everything we do." Will he start by telling us what the Government will actually do to deal with soaring energy prices? Energy bills are up by 20% this year, and standard tariffs rose by £175 between June and November alone, driving up inflation and squeezing household budgets. The Government, however, are so out of touch that their only answer is to tell people to shop around, and their only policy is to cut help to pensioners this winter. Can the Secretary of State explain why, with the end of the Warm Front scheme, for the first time since the 1970s a British Government are not offering grants to help to reduce fuel poverty?

[Caroline Flint]

The most effective and sustainable way of cutting bills is to reduce energy use, but the Government's flagship energy efficiency programme, the green deal, has been delayed and is in chaos. We were expecting the green deal consultation back in September. More than two months later, it has finally appeared, but we are still not clear about what incentives households will be offered to take up the green deal, or what the Government will do to ensure that the 10p rate for a green deal package is low enough to secure the widest possible range of energy efficiency measures and the best deal for bill payers. Can the Secretary of State confirm that the Government's forecast of the number of jobs to be created by the green deal has been slashed from 100,000 to just 65,000 by 2015?

Earlier this year, my right hon. Friend the Leader of the Opposition set out bold plans to break the dominance of the big six by requiring energy companies to sell power into a pool, thus allowing new suppliers to enter the market, increasing competition, and driving up choice for consumers. Will the Secretary of State explain why he is so afraid of standing up to vested interests in the energy industry, and delivering the reform that our energy market needs?

The green economy currently employs 800,000 people. It is estimated that the global market for low-carbon goods and services will be worth £4 trillion by 2015, with the potential to create 400,000 new jobs, but as a direct result of the uncertainty that the Government have created, the UK is falling behind. Last year, when we left office, it was ranked third in the world for investment in green growth. We are now ranked 13th, behind Brazil and India. That is bad for our economy, bad for our energy security, and bad for the prices that consumers pay, because it makes us ever more reliant on events overseas that are beyond our control.

Just yesterday, the Science and Technology Committee in the House of Lords accused the Government of complacency over the skills required for the nuclear industry. Given that power stations in the UK already import staff from the southern hemisphere to run them, given that many of the firms currently providing solar power are about to go to the wall, and given that British Gas has just announced that 850 jobs are to go, will the Secretary of State tell the House how he plans to halt the worrying decline in investment in the UK?

We look forward to the Government's forthcoming announcements on how they propose to support energy-intensive industries, and we hope that their proposals will extend to both gas and electricity, but will the Secretary of State tell us exactly how much of the proceeds of CRC are going back into Treasury coffers? Under Labour's scheme, the money was returned to the hands of businesses to be invested in energy efficiency.

We shall have time to deal with the Government's cuts in feed-in tariffs later this afternoon, but what sort of message does this whole debacle send out? How can the Government encourage investors to support the renewable heat incentive, the green deal or any other green policies in the future, when a growing sector, built on a flagship policy that had cross-party support, has been cut off at the knees with just six weeks' notice? How can anyone have enough confidence to make the investment that we need when the Government are so short-sighted and so short-term, and chop and change their policies at every turn?

Today's statement is just more evidence that the Government are out of touch, are cutting too far and too fast, and have no plans for jobs and growth.

Chris Huhne: The right hon. Lady asked what we were doing to help those who face substantial increases in energy bills. Over the last year there has been a 38% increase in world gas prices for delivery this winter, and that will inevitably be reflected in both gas and electricity bills. We have tried to protect consumers by taking the renewable heat incentive off the levy system and into general public expenditure, and by taking similar action in relation to carbon capture and storage. We have capped the feed-in tariff, and we are helping the consumer as much as we possibly can.

Far from our being afraid to take on the big six, Ofgem has clamped down on mis-selling, and we have ensured that the big six must inform people before raising tariffs. We have reduced the period within which consumers can switch suppliers to three weeks, and we are considering giving Ofgem powers to require companies to provide redress. All those steps constitute clear evidence of the determination of the Government and Ofgem to make this a highly competitive retail and wholesale market, which is the best guarantee for consumers that they will be given the best possible deal now and in the future.

The right hon. Lady mentioned the Warm Front scheme. She gave us no credit for the fact that the consultation documents on the green deal that were published today clearly show that we are replacing that scheme with the affordable warmth obligation referred to in the ECO consultation, or for the fact that the warm homes discount scheme is now statutory—it is not a voluntary scheme like that operated by the Labour Government—and will make the discounts available to those experiencing fuel poverty two thirds higher than those provided by the old voluntary scheme.

The right hon. Lady asked about incentives. The Chancellor of the Exchequer could not have made it clearer in his Budget speech that he would consider them. I believe that if the right hon. Lady waits for a matter of weeks, all will be made clear in regard to the Chancellor's commitment to ensuring that the green deal is a great success. She should also bear in mind that we have already provided incentives, in addition to those that the Chancellor is considering. For example, all F and G-rated homes in the private rented sector will have to be upgraded by 2018 so that tenants can enjoy the benefits of energy saving.

Finally, the right hon. Lady asked what we were doing to encourage investment. The whole purpose of the electricity market reform which will be the centrepiece of the energy Bill that we will present in the second Session in May, and which we have already announced in the White Paper, is to provide the certainty that will lead to investment which, for years, the last Labour Government failed to deliver. A quarter of our power stations are going offline in the next 10 years: a quarter of our capacity. What did the last Labour Government do? Nothing—absolutely nothing. Yet the right hon. Lady, seemingly arriving from Mars, has had the temerity to come here today and pretend that we are

not taking action, as if the last Labour Government had. I have to hand it to her: for sheer brass neck, she gets the prize.

Several hon. Members *rose—*

Mr Speaker: Order. There is notable interest in the statement, but I remind the House that today is an Opposition day, and that there are two well-subscribed debates to follow. I want the first of them to begin before too long. Brevity is essential from Members—led, I feel sure, by Mr Peter Lilley.

Mr Peter Lilley (Hitchin and Harpenden) (Con): My right hon. Friend made the breathtaking claim that he intended to keep energy prices as low as possible. How does he square that with the Stern review, on which his policy to combat climate change is based, and which makes it clear that that policy can work only if energy prices are raised to include the external cost of global heating, and if the cost of hydrocarbon-based energy is also raised to make it more expensive than other forms of sustainable energy? In short, if his policy is not hurting, it is not working.

Chris Huhne: I am grateful to the right hon. Gentleman for his question. If he is in any way unsatisfied with the explanations that we have given in the documents—explanations which are considerably more detailed than those provided by any previous Government—he should ask for a briefing, and we will ensure that he receives any additional answers that he may require.

The key point, however, is that a substantial part of what we need to do to tackle climate change involves measures included in our green deal legislation which pay for themselves and do not involve a cost, while those that do involve a cost—namely the raising of prices to enable us to move to a low-carbon economy when it comes to electricity generation—are offset by the reduction in energy volumes precisely because of our energy-saving measures.

I commend the document to the right hon. Gentleman. I am sure he will find is persuasive.

Malcolm Wicks (Croydon North) (Lab): If the last Labour Government did nothing about energy policy, I cannot think why I was so busy all the time.

To raise the tone of this discussion, I welcome what the Secretary of State said about long-term contracts, and I would like to hear more. On carbon capture and storage, the Secretary of State knows that despite all the excitement about feed-in tariffs, renewables and nuclear, the world, including the United Kingdom, will mainly be using fossil fuels for the next few decades. What is happening in respect of CCS? There have been some disappointments in recent months. When does the Secretary of State think the first CCS plant in the UK will be operating and helping to clean up our planet?

Chris Huhne: I certainly did not want to imply that the right hon. Gentleman, who has considerable expertise in this area, was in any way slacking when he was an Energy Minister—although I think he might have had better support from his colleagues on certain occasions.

CCS is a key technology. The right hon. Gentleman is absolutely right to say that we are going to continue to be reliant on gas and other fossil fuels. If we move to unabated gas rather than coal, that in itself will save about half the carbon emissions. For the longer term however, CCS is essential if we are going to be able to use gas, especially if we find, as I hope we will, that we have considerable exploitable reserves of shale gas under Lancashire and elsewhere.

As I have said, Longannet was a disappointment—I made a statement to the House on that—but other projects are coming forward. Peterhead is nearer the reservoirs than Longannet, so the pipeline costs are likely to be lower, and less investment will be needed to upgrade the plant in line with the large combustion plant directive. All the parties who were involved in the Longannet negotiation are confident that we can deliver a commercial-scale CCS plant for within that £1 billion budget, and we intend to do so.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The Secretary of State highlighted the future role of gas in the economy, and producing our own gas is obviously the best option. To that end, will he stress to the European Union that its attempt to regulate the offshore oil and gas industry is in danger of creating regulatory confusion and more uncertainty, and that it would be far better to go down the directive route?

Chris Huhne: I am grateful to my hon. Friend for making that point. He is absolutely right. If we are going to introduce minimum standards for offshore oil and gas—the Commission has been kind enough to say they should be modelled on those for the UK continental shelf—that should be on the basis of a directive, so that we can use our own legal means to enforce the standards, rather than a regulation. A regulation that would apply directly in all the member states would be inappropriate because countries' circumstances are inevitably different.

Caroline Lucas (Brighton, Pavilion) (Green): In spite of the warm words about the importance of tackling fuel poverty, next year will be the first year in three decades when there has not been a Treasury-funded scheme to do precisely that. Instead, we have a regressive scheme that will fund the energy company obligation through a levy on fuel bills. As the ECO will be split into two pots—the hard to treat and the fuel poor—will the Secretary of State ensure that the latter group does not end up in effect subsidising the former, by making sure he focuses on the fuel poor, the 1.9 million households in fuel poverty who happen to live in hard-to-treat homes?

Chris Huhne: The hon. Lady will know that I am passionately committed to helping the fuel poor. That is why we have increased the amount of warm home discount compared with the voluntary schemes. I disagree with her that the ECO subsidy is an ineffective way of reaching such people or that it is more regressive than other schemes. The fact that the previous scheme was Exchequer-funded was by the bye. What is important is achieving the key outcome of tackling the root causes of fuel poverty, and that we will do.

Miss Anne McIntosh (Thirsk and Malton) (Con): I understand that France has persuaded the European Commission to accept nuclear power as a renewable. Will the Secretary of State negotiate a similar deal for this country, and will he also make sure that the information

[Miss Anne McIntosh]

on our energy bills is transparently clear, so we know how much of what we pay is subsidy for renewable energy?

Chris Huhne: I can do better than that, because the document published today contains precisely that information on the impacts on prices and bills. We want to be as transparent as possible, because it is important that people understand that although there will be price increases, we can, particularly as a result of our energy saving measures, also get volumes down, which is crucial to getting bills down. There is no point in our having unsubsidised energy and merely heating the atmosphere; we want to heat our homes, not merely push the heat out of leaky and draughty homes into the atmosphere.

Mr Frank Doran (Aberdeen North) (Lab): I heard the Secretary of State's comments about the potential of the Peterhead CCS project, and I would welcome investment there. However, is it not true that the Longannet project was much more important to the country because it is a coal-powered station, as opposed to the gas-powered station at Peterhead, and coal is the main export market for CCS? Is it not also the case that Shell and Scottish Power have got their sums right, and that their assessment of the investment required for the CCS power we need is much more realistic than the Government's? We have thrown away the great potential of a large export market.

Chris Huhne: CCS is a catch-all for a substantial number of different types of technology designed to do the same thing: take the carbon out of the process of the combustion of fossil fuels. I disagree about gas versus coal, as I think gas, along with coal, will play a very important part in world supply for a long time, and there will be substantial CCS markets in both of them. It is important that the UK is in the lead in that.

Mr John Baron (Basildon and Billericay) (Con): The Government support the three recommendations of the billing stakeholder group, which I chaired at the Government's behest, but there is strong evidence that one of those key recommendations is being ignored by the energy suppliers: the requirement that they contact each of their customers informing them on whether they are on the company's cheapest standard direct-debit tariff. What are the Government going to do to put this right?

Chris Huhne: First, I want to pay tribute to the hon. Gentleman for his efforts in this area. We raised this point with the big six at the consumer energy summit, and my understanding is that they are in the process of notifying their customers. Perhaps not all those letters have gone out yet, but one of the commitments was that customers were going to be notified when there was a cheaper tariff they could move to online.

Mr Mike Weir (Angus) (SNP): In what was a lengthy statement, the Secretary of State made no mention of either the long-standing problem of transmission charging, which affects green energy, or Ofgem's Project TransmiT. What progress is being made, and will he finally take action to tackle this problem?

Chris Huhne: I have had continued discussions with Ofgem and, indeed, with the First Minister of Scotland. He and I think absolutely alike on the importance of moving to a regime that does not penalise energy sources for being further away from the market, precisely because renewable sources will inevitably be located where the renewables are. Also, nuclear is generally not welcome in the middle of our cities. For those reasons transmission charging should be amended. Ofgem is looking at that at present, but it is up to it to do so as an independent regulator.

Justin Tomlinson (North Swindon) (Con): The majority of consumers seek to shop around when their tariff rises, only then to run the danger that their new tariff will rise even further only days later. What measures are being considered to protect consumers on new tariffs for either six or 12 months?

Chris Huhne: The hon. Gentleman is right. Consumers have the option to choose a fixed rate of course, which will be for a specified period. At the time of the recent consumer energy summit, we made the key point that the big six, which supply 99% of our households, had announced their tariff changes and that some of them had committed to keeping them all the way through the winter. Right now is therefore a rather good time to compare prices and switch to the cheapest tariff.

John Robertson (Glasgow North West) (Lab): I understand that it is important to get money into the Treasury, but is that more important than people's lives? The Hills report found that thousands of people will die as a result of this Government's policies. What is more important: money to the Exchequer or people's lives?

Chris Huhne: I am afraid that the hon. Gentleman is not giving credit where it is due, although I cannot say that it is terribly surprising. I commissioned John Hills to produce that report precisely because I wanted a really good and authoritative review of how we can best tackle fuel poverty. I am determined that we shall do that. One conclusion of the interim report from Professor Hills was that there are 25,000 excess winter deaths and that perhaps 10% of them—a similar figure to those killed on the roads—are due to fuel poverty. We are determined to tackle that issue—*[Interruption.]* That is after 13 years of Labour government; let us please have a little cross-party consensus on trying to tackle the problem while recognising that it needs to be dealt with in the long run and that we have the means to tackle it at source as well as in the short-term through the warm home discount.

David Mowat (Warrington South) (Con): The Secretary of State will be aware that in the last year of the previous Government, less than 3% of our energy came from renewables and we were 25th out of 27 in the EU. By what extent does he expect to improve on that by the end of this Parliament?

Chris Huhne: I thank the hon. Gentleman for his question. We are determined to be the fastest-improving pupil in the class. At the moment, as the hon. Gentleman has pointed out, the inheritance from the previous Government puts us firmly in the dunces corner on renewables, but we are working our way out.

Ian Lavery (Wansbeck) (Lab): The right hon. Gentleman will be very much aware of the situation at Rio Tinto Alcan in my constituency, where 650 jobs are likely to be lost as a result of green taxes and high energy costs. What assurances can he give the work force at Rio Tinto Alcan that the package of measures that have been promised and promised again for energy intensive industries will be sufficient to keep the plant in operation and maintain the jobs, plus 3,000 jobs in the supply chain?

Chris Huhne: I understand the hon. Gentleman's concern, which I have shared. I met the executives from Rio Tinto Alcan who deal with that plant and I put to them a simple question: if we were able to provide support for electricity generation through, for example, conversion to biomass, would they guarantee that they would keep the plant open? They did not give me an answer and one executive is quoted as saying that the 40-year-old plant was beyond Government subsidy. I do not think that, and I very much hope that we can work on finding a solution, but I can assure the hon. Gentleman that the energy intensive package is under serious and urgent consideration. It is on course to be announced by the end of the year, which is what we were committed to doing, and it is also a matter of regret to me that the announcement was made about the Rio Tinto Alcan plant before the managers had the opportunity to read what we were able to say, which suggests to me that they had previously made up their mind.

Andrew George (St Ives) (LD): Of course, energy bill payers contribute a few quid towards the support of renewables, but the big six help themselves to £150 per annum per household. Does my right hon. Friend believe that that is a reasonable balance, and how can we achieve a reasonable balance?

Chris Huhne: The key in any market is to ensure that it is properly competitive. I am absolutely in favour of shareholders, particularly since they are usually our pension funds and our insurance companies, making the best possible return in a competitive market. That is why we are stressing the key competitiveness requirements of the wholesale market and the retail market. When we get that right, we will have the assurance that the rates of return in the marketplace for the big six and, I hope, for the new entrants to the market will be fair, precisely because they have been earned fair and square in a competitive market.

Gordon Banks (Ochil and South Perthshire) (Lab): The Secretary of State referred to the green deal in his statement. What is he doing to ensure that VAT on products used in the green deal is set at the same level as for the energy it is designed to save—that is, at 5% and not 20%?

Chris Huhne: The hon. Gentleman raises an important point. There are substantial anomalies—and not just that one—in the VAT regime. It is not always possible, because of the commitments in the EU legislation, for member states to make unilateral changes to that regime but he certainly makes a sensible point and I am sure that the powers that be at the Treasury will listen carefully to it.

Chris Heaton-Harris (Daventry) (Con): Does the Secretary of State understand the concerns of those who have "prepared their homes", to use his words, and fitted solar panels about the pace of the reduction in feed-in tariffs, especially when they see the onshore wind industry being rewarded for inefficiency and destroying the UK countryside?

Chris Huhne: My hon. Friend raises an interesting point. We have cut the subsidies for the offshore and onshore wind industry, too, and we have done so because this Government are firmly committed to making sure that we deliver what we intend to deliver—that is, the shift to a low-carbon economy—at the lowest possible cost to British consumers. I am sure that we will have a greater opportunity to debate this subject later today, but I merely point out that the subsidies for solar feed-in tariffs now reflect a substantial fall in the costs of the underlying technology. That fall in costs, caused by the global changes in circumstances over the past year, means that those subsidies are providing a very similar real rate of return to that which was planned when the scheme was launched in April 2010.

Several hon. Members *rose—*

Mr Speaker: Order. If it is possible to find a one sentence question and a relatively pithy reply—I do not wish to be too ambitious—that would be a considerable achievement. I look to one of the wise heads of the House and call Dr William McCrea.

Dr William McCrea (South Antrim) (DUP): During the winter months, the poorest members of our society will face soaring electricity bills and many in Northern Ireland have no alternative to heating oil. What action will the Secretary of State take to make home heating oil affordable to the most vulnerable in our society?

Chris Huhne: I am grateful to the hon. Gentleman for raising the issue of home heating oil because, as he knows, last winter that issue caused us a lot of concern. We referred the matter to the Office of Fair Trading and I was surprised with its conclusion but we must accept that it followed a full investigation. The longer-run solution will be to ensure that people are less reliant on the heat from heating oil through energy insulation and the green deal. We are determined that those who are off the gas grid will be able to take every opportunity to enjoy the benefits of the green deal, too.

Mrs Anne Main (St Albans) (Con): Small solar panel companies about which I have written to the Secretary of State's Department are having a particularly hard experience following the change in the tariff. They will lose jobs over it and they are asking whether the domestic 4 kW rate can be considered as a taper for a longer period so that they can recover from the shock of the quick cut in the tariff rate when they cannot deliver as quickly as the big boys.

Chris Huhne: I am grateful to my hon. Friend for that question. This is a consultation and a genuine one. We have made serious proposals and we are waiting for the responses. We will take those responses into account when we come to make decisions.

Nia Griffith (Llanelli) (Lab): Energy companies often cite investment in generating power as the reason for the price rises. What assessment has the Secretary of State made of the amount of money made on the price rises compared with the companies' investment in generating power?

Chris Huhne: The hon. Lady raises an interesting point. The need for new investment is clearly factored into the price projections in the documentation. It is not just about the rise in the overall world price in gas that is driving what is happening to our bills but the need to build a quarter of the capacity that is coming offline. That is factored into the calculations.

Jeremy Lefroy (Stafford) (Con): Has my right hon. Friend had the opportunity to look at how other countries, particularly Germany, support their high intensity manufacturing users of energy to keep bills down and jobs in the country?

Chris Huhne: My hon. Friend will know that my esteemed colleague, the Minister of State, Department of Energy and Climate Change, the hon. Member for Bexhill and Battle (Gregory Barker), was there in September. We have done considerable work to look at the experience of other countries, which is a theme that we might come back to in the debate on the solar feed-in tariff. This Government do not believe that it is sensible to sit in a room and try to develop things from scratch and a priori if other countries have already done so and we can learn the lessons from them.

Bill Esterson (Sefton Central) (Lab): How can the policy change on the tariff possibly be a consultation when it is already set to change on 6 December? My constituent, Keith Bonner, wanted to install solar panels and he tells me that the £12,000 investment is no longer viable because of the change in policy. How does the change in policy fit with the requirements set out in the Secretary of State's statement of increasing renewable energy, tackling climate change and reducing emissions?

Chris Huhne: The hon. Gentleman should know that there will not be a change in tariff before April. The key point is that the old tariff is applicable to any scheme that is installed either before or after 12 December, but any scheme that is installed after 12 December will have a lower tariff from April. We will have plenty of opportunity to debate this later today and I am sure he will want to contribute to that debate.

Christopher Pincher (Tamworth) (Con): Will my right hon. Friend encourage Ofgem to deal with the tariff anomaly whereby household energy bills fall when households use more energy? Surely, that places a burden on single and less well-off households and flies in the face of our desire to encourage greater energy efficiency in households.

Chris Huhne: There are many anomalies that Ofgem is looking at in this area. A key part of that will involve looking at any unfairness in the system and making sure particularly that we simplify tariffs. There are far too many tariffs and that is confusing for consumers. If we can get a dramatic simplification, that will make the market work much more effectively. Currently, only 15% of consumers switch, whereas with car insurance about half do so through online sites. We need to get up to that figure and we will then find that the market works much more effectively.

Angela Smith (Penistone and Stocksbridge) (Lab): Constituents have informed me not only that they are angry about the drop in the tariff and the potential loss of jobs in my area—these are people who have invested in the solar energy industry—but that the arbitrary deadline of 12 December means that there has been a rush for installation of solar energy in people's homes, which is producing a sharp increase in the price of the components in panels. Does this not show that the Secretary of State has thought very little about the impact of this policy on the energy industry?

Chris Huhne: I disagree with the hon. Lady. When a policy is clearly going off the rails, it is important to grip it as quickly as possible. The problem with the industry was that it was massively exceeding its budget. If we had not acted, we would have been adding anything between £26 and £55 to the average household bill by the end of this Parliament, which would simply have been too much. We have had to take account of the cost to the consumer and I very much regret that the Opposition do not seem to remember that.

David Morris (Morecambe and Lunesdale) (Con): Twelve months ago today, after last year's statement, I put forward a proposal about topping up card meters online, as I have them at home. I have gas and electricity from British Gas, and I am pleased to report to the House that that has happened with British Gas. Hon. Members can take it from me that electricity is far cheaper than gas, and I urge the Secretary of State to take that into consideration. Is not now the time to put more money into nuclear power and push that industry forward for jobs and in my constituency?

Chris Huhne: Nuclear is one of the three key pillars on the supply side, with the fourth pillar being energy saving. Those are the key parts of our policy. We have been meeting all our deadlines except those that arose immediately after the Fukushima disaster when I thought it was important to ask Dr Weightman to come up with a report that answered people's concerns about making sure that the same thing could not happen here. With that one exception, we have been meeting our deadlines and we are on course for new nuclear without public subsidy.

Mark Durkan (Foyle) (SDLP): The Secretary of State has referred to the carbon floor price and the carbon reduction commitment simplification proposals, both of which give rise to concerns in Northern Ireland that they will have a perverse impact given our market and geographical realities. Those impacts would be counter to the very policy goals that he has enunciated. Is he receptive to those concerns and will he and his colleagues be responsive?

Chris Huhne: The hon. Gentleman raises some interesting issues. We are in constant touch with the Northern Ireland Executive and others on these matters and of course we are receptive to concerns and to amending anything that would have a perverse effect of the type he describes.

Mr Peter Bone (Wellingborough) (Con): The right hon. Member for Don Valley (Caroline Flint), who speaks for the Opposition, made the serious charge that the Minister had briefed journalists before coming to the House. In answering her question, it slipped his mind to answer that point. Can he tell us that that did not take place and confirm it by publishing and putting in the Library a copy of the media grid showing which journalists were spoken to before the statement?

Chris Huhne: I assure my hon. Friend that I did not speak to any journalist before making this statement. As far as I am concerned, it is an important principle that the House should be told first.

Stephen Mosley (City of Chester) (Con): The Secretary of State has set out the future energy supply and demand forecasts within the security of supply report. Is he confident that if those forecasts prove to be inaccurate, we will be able to keep the lights on in this country?

Chris Huhne: Because of the disappointing economic situation, the margin of capacity has been rising. I am confident that we can do that, but we should not be complacent. We need to keep the matter under review and we are certainly doing that, but I am confident that we can keep the lights on.

Points of Order

1.25 pm

Ms Angela Eagle (Wallasey) (Lab): On a point of order, Mr Speaker. I would like to make a point about the scheduling of this annual energy statement on an Opposition day when we have two extremely important debates with very short time limits for speakers. The statement was not a time-sensitive one and I hope that you will agree with me and deplore the fact that it was scheduled in Opposition time. Secondly, the timing of the statement was tweeted to the world by *The Guardian* environment correspondent at 9.37 this morning, 32 minutes before Opposition Front Benchers were informed that there would be a statement. Thirdly, the contents of the statement were extensively leaked to the same tweeting *Guardian* correspondent and appeared on its website at 10.35 this morning. Mr Speaker, I seek your rulings on these issues, which show grave discourtesy to the House.

Mr Speaker: I am grateful to the hon. Lady for her point of order, and I shall seek to the best of my ability to respond to each of her three points in turn. First, the timing of Government statements is a matter for the Government and I do not want to get into the merits or demerits of choosing a particular day, but the point will have been heard by the Deputy Leader of the House and, at a distance from the Chamber, by the Leader of the House. Secondly, let me emphasise that notification of an intended statement should first and foremost be to other hon. and right hon. Members and the shadow team. It should not be to members of the press. That is disorderly and discourteous. Thirdly, I listened intently to the Secretary of State, as I always do, when he responded to the hon. Member for Wellingborough (Mr Bone). He assured the House that he had not spoken to journalists about the contents of the statement, and of course I accept without hesitation what he says on that point. However, I would just gently—or perhaps not so gently—remind the Secretary of State that it is not just a question of Ministers not talking to the media. Ministers must not encourage, facilitate or permit any of their team, officials or advisers to do so either. This is the second time this week that there has been an instance of substantial information in a statement being conveyed first to the media. It will be a pity if further measures have to be contemplated and adopted for dealing with situations of this kind. I hope that the Secretary of State will take what I have said as a deterrent against any future such occurrence.

John McDonnell (Hayes and Harlington) (Lab): On a point of order, Mr Speaker. On 2 November the Chief Secretary to the Treasury made a statement to the House regarding the Government's latest offer to unions on the public sector pensions issue. In the statement and in the document he published, he included examples of the pensions that public sector workers would obtain under his proposal. Later that day, the Prime Minister told the House—he has repeated this today—that on that basis, low and middle earners would get more from their pensions. The Cabinet Office subsequently published on its website a pension calculator on which people could check what pension they would receive under the Chief Secretary's latest announced offer. As was revealed on "Channel 4 News" last night, the calculator demonstrated that the Chief Secretary's original examples

[John McDonnell]

were simply wrong, and that his statement and the Prime Minister's comments were simply incorrect. The calculator showed that low and middle earners would get less at comparable retirement rates. The calculator has since been taken down from the website.

Three million public sector workers may go on strike on 30 November unless the dispute is resolved, so it is vital that accurate information be provided to the House and to the general public. The Chief Secretary has unwittingly conveyed inaccurate information to the House and, through you, Mr Speaker, I would ask that he be requested to return to the House to correct the error and provide an accurate assessment of the Government's pension proposals.

Mr Speaker: I am grateful to the hon. Gentleman, both for his point of order and for providing advance notice of it. All hon. and right hon. Members, including Ministers, are responsible for the content and accuracy of the statements that they make. If a mistake has been made, a Minister should correct it. I hope that the hon. Gentleman, who is an exceptionally clever chap, will understand if I am reluctant to trespass beyond that, because the detail and minutiae of these matters are probably well beyond my limited competence.

John McDonnell: May I make a further point of order, Mr Speaker?

Mr Speaker: I am in a generous mood, so I shall allow the hon. Gentleman to do so.

John McDonnell: Further to that point of order, Mr Speaker, I simply want to disagree with you regarding the phrase "an exceptionally clever chap".

Mr Speaker: Well, he is certainly a modest fellow, although not with much to be modest about. We will not discuss that any further, but what I would say is that disputes about the impact of the Government's most recent offer on pension levels are an appropriate matter for debate, and arguments over calculations and hypothetical examples are not tantamount to any deliberate misleading of the House. The hon. Gentleman is an experienced—not an old—hand who has put his concerns forcefully on the record.

John Healey (Wentworth and Dearne) (Lab): On a point of order, Mr Speaker. Have you received an approach from the Health Secretary to say that he may have misled the House yesterday in Health questions when answering a question from me about the risk register for his NHS reorganisation? He told the House:

> "I have been very clear and published all...risk information relating to the modernisation of the NHS".—[*Official Report*, 22 November 2011; Vol. 536, c. 149.]

He has made the same argument to the Information Commissioner who, in a legal decision, said that

> "he does not accept the argument and considers that disclosure would go somewhat further in helping the public to better understand the risks associated with the modernisation of the NHS than any information that has previously been published."

Will you advise the House, Mr Speaker, on how we can correct the record and get to the truth about the risks that the Government's policies on NHS reorganisation pose to our NHS?

Mr Speaker: I am grateful to the right hon. Gentleman for his point of order, but there is not much that I can offer by way of encouragement or comfort. He is an experienced Member of Parliament, and he has put his interpretation of those matters on the record. I said a moment ago that the contents of answers are a matter for Ministers, but answers to parliamentary questions are not themselves covered by the statutory provisions of the Freedom of Information Act. If he thinks either that the Minister has erred or that I have erred in my exegesis of his point of order—or, indeed, both—no doubt he will return to these matters and will require no encouragement from me to do so.

Mr Nigel Dodds (Belfast North) (DUP): On a point of order, Mr Speaker. I would be grateful if you could advise me how I can put on the record the fact that following the Deputy Prime Minister's reply to me on 15 November, recorded at column 679 of *Hansard*, in questions on changes to the law on the succession to the throne, the right hon. Gentleman helpfully wrote to me to clarify that he was in fact referring to his conversation with the Scottish First Minister, not the Northern Ireland First Minister. He further advised me—again, very helpfully—that he has placed a copy of his letter in the Library. I am grateful to his office and to other Ministries for the way in which the matter has been handled.

Mr Speaker: The hon. Gentleman wanted to put that matter on the record, and he has done so with his customary courtesy. If there are no further points of order, we come to the ten-minute rule Bill, which the hon. Member for Kingswood (Chris Skidmore) has been waiting patiently to introduce.

Members of Parliament (Change of Political Party Affiliation)

Motion for leave to bring in a Bill (Standing Order No. 23)

1.34 pm

Chris Skidmore (Kingswood) (Con): I beg to move,

That leave be given to bring in a Bill to provide that any Member of Parliament who changes voluntarily his or her political party affiliation described on the ballot paper at the time he or she was elected is deemed to have vacated his or her seat; and for connected purposes.

This Bill seeks to ensure that any Member who decides to change parties—in other words, crosses the Floor or "defects", should trigger an automatic by-election so that their constituents can have the final say on their decision. I realise that some Members may have hesitations about such a Bill. It would, after all, seek to overturn centuries of tradition that have allowed Members to change parties with little regard for their constituents' opinion on the matter.

At the same time, the question of Members changing parties is not a new one. Former and current Members from all political parties have taken the decision to do so, including a former Prime Minister. Equally, former Members from every political party have previously called for a defecting MP to give their constituents the right to validate their decision. Let me be clear: I do not take issue with the right of Members to defect from parties. In an established democracy, we must value the freedom of individual Members to cross the Floor if they so wish. I can fully accept and understand that Members may, at times, no longer find themselves at one with the party they joined. I ask only that they give their constituents the same choice that they themselves have been able to make.

Nor do I wish to criticise any Member or former Member for the action they have taken, or the judgments they have made according to their own conscience. They will have to live with them. However, it is neither right nor fair that a constituent should live with that decision, often for many years, until a general election is called. According to the House of Commons Library there has never been a debate in the House on this issue. At a time when the public's faith in our political system is at a low ebb, and when trust in politics remains broken, I believe that this is precisely the kind of topic that we should be debating.

If we asked any man or woman on the street the solution would be obvious: if an MP is elected for a certain party, only to decide to defect to another, it is only right that they should allow their constituents a say on their decision. That is the honest thing to do, and it is the right thing to do. It is easy to state the historical arguments against this Bill, mostly stemming from Edmund Burke's speech to the electors of Bristol in 1774. Burke argued that we are sent here as representatives, not delegates, and as such sit in the House as individuals, not bound by party constraint, but each free to choose how we best represent our constituents, even if that seems to be against their best interests.

The notion that constituents vote for their Members of Parliament as individuals to exercise their judgment on behalf of their constituents, and not to stand for the party ticket on which they were elected, may have been relevant in the 18th century, but that is no longer the case in the 21st century. We can no longer continue the charade that we are each elected solely as individuals. To do so is simply not to be speaking the same language as our constituents. It is an undeniable truth that the vast majority of constituents will vote for the party, with the Member the embodiment of the party locally.

Parties clearly do matter, otherwise there would be no need for a Member to change from one party to another. Such a Member may as well sit as an independent. Indeed, let those who wish to maintain the illusion, and believe that we are elected as sole individuals, stand as individuals, devoid of a party banner.

There are precedents in this House for a political defection to trigger a by-election. Bruce Douglas-Mann voluntarily triggered one in 1982, in the Mitcham and Morden constituency, when he left Labour for the Social Democratic party. He followed in footsteps of Dick Taverne, who in 1973 resigned from the Labour party, only to call a by-election and be re-elected under the banner of Democratic Labour. By-elections like these should be the rule, not the exception.

Nor would the Bill be the first to legislate on a Member of Parliament's defection. Defection laws have been passed in India, providing that someone can be disqualified for voluntarily giving up

"membership of his original political party".

Of 193 countries worldwide, 41 have laws about crossing the Floor. Indeed, in Canada, a Bill almost identical to my own was debated only this month.

I do not deny that this change in the law would raise other issues that would need to be investigated fully, but I would welcome the scrutiny that the House could provide by debating the merits and demerits of the Bill. For instance, the reason why I suggest that the Bill should apply only to Members who have voluntarily changed parties is to ensure that the withdrawal of the Whip would not affect a Member's ability to remain as a representative. It is not the Bill's intention to strengthen the party system, or to strengthen the control of any parliamentary party. It is intended only to strengthen the hand of our constituents. Loyalty to our constituents lies at the forefront of what we all, whichever political party we stand for, wish to achieve as Members of Parliament.

Edmund Burke once stated that he was a Member of Parliament, not the Member for Bristol. As a proud Bristolian, I am the Member for Kingswood first and a Member of Parliament second. We have a choice: we can stand by the arguments first formulated more than 200 years ago, noble though they are, or we can choose to face forwards, into the 21st century, and accept that we cannot go on as we have done. We must accept that the status quo cannot remain, and that we must seek to form a new relationship with our voters, our constituents—the men and women who put us here in the first place.

The central issue must be one of trust. At a time when the public want politicians to be more accountable, if a Member of this House decides to defect, it should lie with the voters and the constituents whether that Member should remain a Member of Parliament or not. We need to look beyond the confines of this Chamber, and ask ourselves what is so wrong with a Member who defects from one party to another asking their constituents' opinion. What should any defecting

[Chris Skidmore]

MP be so afraid of? Who are we to turn our backs on our constituents—the voters who placed us here—without their assent? Without them we are nothing.

I end by paraphrasing the words of that other Bristol MP, Edmund Burke: "Your representative owes you, not his industry only, but his honesty, and he betrays, instead of serving you, if he sacrifices that to his ambition."

1.44 pm

Sir Peter Bottomley (Worthing West) (Con): Edwina Currie had the bright idea of having equal numbers of men and women in the House by pairing constituencies and saying that the man who got the most votes and the woman who got the most votes each became a Member of Parliament. I asked her what would happen if someone went in for gender reassignment between one election and another, and she thought I was not being sufficiently serious.

When I first started taking an interest in politics, I do not think we had party labels on the ballot paper. I think it would not be a bad thing if we removed them and showed only candidates' names and addresses. Incidentally, I do not know whether my hon. Friend the Member for Kingswood (Chris Skidmore) would suggest that if I changed my address between one election and another I should have a by-election, because that was on the ballot paper as well.

I do not think many of us would get elected without parties, but the key point is that we have a duty to our constituents and to our party, and we have international obligations as well. In my view the trust comes from what we do, not from whether we decide to change our party. We are at present in coalition with the Liberal Democrats. The Liberal Democrats include people who were Social Democrats. The Social Democrats, in the main, unless they were political virgins, came from the Labour party, so there has been significant moving around.

We could approach this matter from the point of view of narrow self-interest. Do we as the Conservatives, or we as the coalition with the Liberal Democrats, expect to get more people from the Labour party to come and join us, or do we expect to lose more people? If we expect to gain more people, which is what I hope we are going to do, we should not support the Bill. We should say, "Come across and perhaps we'll see if we can look after you at the next election as well. It may mean changing your seat, as one or two Conservatives who switched to Labour did, but we can have a go."

Then we come to Burke. Edmund Burke is quoted far too often. He bears the penalty of fighting his great campaign against Warren Hastings for five years, tying up Westminster Hall and stopping the visitors having a good look round. But we forget that having made his declaration of the duties of a Member of Parliament, at the next election he lost his seat. Losing the seat at the election is what such a Member should take the chance of doing.

We have had voluntary by-elections. Our right hon. Friend the Member for Haltemprice and Howden (Mr Davis) caused a by-election to say that he still agreed with what he had said at the previous election so could he be re-elected, and he was. We had the time when the Ulster Unionists, who do not seem to be present at the moment, had by-elections en masse for some reason that we have now forgotten. We ought to recognise that although my hon. Friend the Member for Kingswood is absolutely right—there is no better historian in the House now than he—in saying that the matter ought to be debated, the idea that it should be the subject of a Bill that should be enacted is controvertible, and I would say that it is wrong.

The House should not be delayed by too many of the greater arguments, except of course if we wanted to return to the glory days. Was there not a time when if someone elected as a Back-Bench Member of Parliament was invited to become a Minister, a by-election had to be held? It would be a real test of popularity, especially if a reshuffle came, to make it a requirement that any Back Bencher who became a Minister had to fight a by-election, and anyone who stood at a general election as a Minister and succeeded, but then lost their ministerial position, should also be required to fight a by-election. If by-elections are a good idea, let us have more of them.

Question put and agreed to.

Ordered,

That Chris Skidmore, Dr Sarah Wollaston, Mr Robert Buckland, Zac Goldsmith, Mr Aidan Burley, Conor Burns, Gavin Williamson, Bob Stewart, John Healey, Mr Philip Hollobone, Mr Tom Clarke and Steve Brine present the Bill.

Chris Skidmore accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 March 2012 and to be printed (Bill 252).

Opposition Day

[UN-ALLOTTED DAY]

Economic Growth and Employment

1.46 pm

Mr Chuka Umunna (Streatham) (Lab): I beg to move,

That this House notes with concern that UK economic growth is flatlining and was choked off well before the recent Eurozone crisis, that youth unemployment is now more than one million and that Government borrowing is therefore expected to be £46 billion higher than forecast over the Parliament; further notes with regret that the Government has failed to deliver a credible growth plan, is undermining critical industries in which the UK must compete, is failing to use strategically procurement and other tools to drive growth and innovation, and is holding back regional growth with its flagship projects mired in inertia and with most business still waiting for Regional Growth Fund money seven months after the recipients were announced; therefore calls on the Government to deliver a growth plan that provides an immediate boost to the economy to increase demand and growth, including a £2 billion tax on bank bonuses to fund 100,000 jobs for young people and build 25,000 more affordable homes; and further calls on the Government to bring forward long-term investment projects to get people back to work, to reverse the damaging VAT rise of January 2011 for a temporary period giving families a £450 boost and providing immediate help for the UK's high streets, to provide a one-year cut in VAT to five per cent. on home improvements, repairs and maintenance to help home owners and small businesses, and to provide a one-year national insurance tax break for small firms to help them grow and create jobs.

In his Conservative party conference speech last October, the Chancellor said he would stick to his plan to cut faster than any other Chancellor in our history, regardless of the consequences, because, he said, it was necessary to put our economy on a sound footing. With reference to the Business Secretary he said:

"Together, Vince and I have started to open Britain for business."

A year later, what do we find? The economy has grown by just 0.5% in the past 12 months. This compares with growth of 1.5% in the US over the same period and is significantly down from the 2.6% growth in the previous 12 months, thanks to the measures taken by the Labour Government. Have the Chancellor and the Business Secretary opened Britain for business? The figures tell a different story. The number of UK enterprises fell by 20,000 in the year to March 2011, with decreases in business numbers in every region except London and Scotland, and business confidence nose-dived following the announcement of the Chancellor's spending review.

What effect is this having on the people of this country? More than 2.6 million people are out of work, the highest rate in 17 years. More than 1 million young people are now out of work, the highest since comparable records began in 1992. Let me be clear: these are not our statistics. They are those of the Office for National Statistics. They are the facts.

How have the Government responded to the facts? Last week, when we learned of the youth unemployment figures, the Prime Minister and the Chancellor were nowhere to be seen. Instead, the Minister with responsibility for employment took to the airwaves. He told us that the 1 million figure for youth unemployment was "a distraction." The 1 million figure for youth unemployment is not a distraction. It is a disgrace. What a tragic waste of talent. He not only described the figure of 1 million as a distraction, but attempted to blame it on the eurozone crisis. Does he really think that the British people will fall for that?

In fairness to the Business Secretary, when the figures came out his unofficial spokesperson, the noble Lord Oakeshott, told *The Guardian*:

"It's ridiculous to blame this rise in unemployment on the crisis in the eurozone. All economists know it's a lagging indicator, so this is the result of what has been happening in our economy over the past year".

I could not put it better myself. Despite that view, the Business Secretary remains resolutely wedded to the Government's economic strategy, however disastrous it is turning out to be. He does so in the name of deficit reduction, yet the independent forecasts published last week show that the Government are projected to borrow, on average, more in each remaining year of this Parliament than we would have done under our more balanced deficit reduction plan. Those are neither the Opposition's figures, nor those published by the Office for National Statistics; the summary of independent forecasts was published last week by the Government themselves. Of course, the Office for Budget Responsibility has already forecast borrowing to be £46 billion higher than previously thought. The evidence is clear: the Government's strategy is not working because reducing borrowing requires growth, which they choked off by cutting spending and raising taxes too far and too fast, and long before the eurozone crisis.

Richard Fuller (Bedford) (Con): I welcome the hon. Gentleman to his place on the Front Bench, which gives the Opposition the opportunity for a fresh start in putting forward their policies. He noted that according to later assessments the deficit will be higher than originally estimated, but does he accept that the key thing the Government got right was to set the tone for interest rates so that this country's businesses can benefit from much lower interest rates than those in other countries, and would not the policies that his party proposes put that at risk?

Mr Umunna: With the greatest respect to the hon. Gentleman, the reason the Monetary Policy Committee has set our interest rates so low is that we are struggling to find growth in this country. Without growth, we will be unable to reduce our borrowing. Our not being in the eurozone is another reason we are able to adopt lower interest rates.

Charlie Elphicke (Dover) (Con): I, too, congratulate the hon. Gentleman on his much-deserved elevation and on his speech, which has been very interesting so far. I put it to him that the Opposition's plan would have been to borrow about £100 billion more than the Government plan to borrow in the current Parliament, which would lead to higher interest rates and push us closer to the situation Italy and Greece find themselves in and to what is happening in the eurozone, which would be irresponsible and reckless.

Mr Umunna: I thank the hon. Gentleman for welcoming me to my post. First, if he looks at page 22 of the Government's summary of independent forecasts, he will see that they are projected to borrow, on average, over £100 billion more than the Government thought

[Mr Umunna]

they would. Secondly, when he returns to his constituency he might wish to explain to his constituents, particularly the young people—youth unemployment there is up by 155% since January this year—why he cannot get his Government to change course.

Mr Julian Brazier (Canterbury) (Con): I am most grateful to the hon. Gentleman, who has shown considerable courtesy already in giving way. Does he accept that the markets set long-term interest rates, whatever the MPC does, and that the problems in countries that have let their fiscal position get out of hand with interest rates have been driven not by a choice given by the European Central Bank, but by the markets setting the prices for their medium and long-term bonds?

Mr Umunna: The market is not irrational, as the Government seem to suggest. The suggestion is that if they move their direction and course by even one millimetre, even if economic circumstances justify such a change, they will be hammered by the market, but that is clearly not the case. I invite the hon. Gentleman to read the numerous articles and speeches by the former adviser to the Chancellor and the Prime Minister and former chief economist of the Cabinet Office, Mr Jonathan Portes, now director of the National Institute of Economic and Social Research, who makes that very point.

Stephen Timms (East Ham) (Lab): Does my hon. Friend recall, as I do, the Prime Minister telling the House in June of last year that employment would rise in every year of this Parliament, and did he notice in last week's unemployment figures that employment fell by more than 100,000 in the year after that pledge was made? Is it not absolutely clear that the policy is not working and must now change?

Mr Umunna: I completely agree with my right hon. Friend. Of course, another question for the Government is why they will not listen to business organisations that have been calling for action. The CBI is calling for infrastructure spending to be brought forward, the Federation of Small Businesses is calling for a one-year national insurance break for every small firm taking on extra workers, and the Federation of Master Builders would like a targeted cut in VAT to 5% for home improvements, maintenance and repairs. Business organisations, from those representing the food and beverage sectors to those representing businesses on our high streets, which are suffering, are calling for a reversal of this year's hike in VAT. What do all those measures have in common? They are all part of Labour's plan for growth and jobs. As our motion stated, the Government must take action now to increase demand and growth and give immediate help to the high street—*[Interruption.]* The Minister of State, the hon. Member for Hertford and Stortford (Mr Prisk), chunters from a sedentary position. If he wishes to ignore all the various business organisations, people might put a big question mark over his judgment. It is clear that the Government need to back our plan and that they must do so now.

Julian Smith (Skipton and Ripon) (Con): Does the hon. Gentleman not agree that the Government have been listening to businesses organisations with regard to employment law and deregulation? I am surprised that he, as a former employment lawyer, has not included in the motion a single proposal to make it easier for small businesses in Britain to take on staff.

Mr Umunna: I will move on later in my speech to the Government's employment proposals, which I might add were announced this morning to a conference rather than to this House.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): When businesses get in touch to tell me about the problems they are suffering from, none of them tells me about problems with employment law. They tell me about the lack of public procurement and problems with VAT and financing from the banks. Those are the concerns that need to be tackled, rather than the side issues that Government Members are pursuing.

Mr Umunna: I agree with my hon. Friend. We all know what is holding back business in taking on workers: the forecast economic projections for this country. That is the real problem. What has been the centrepiece of the Business Secretary's alternative offer? How will he turn things around? The answer is the regional growth fund. The aim of the fund is to unlock private sector investment, support areas that are dependent on the public sector and help them become more balanced economies. Good. We take no issue with those objectives. We want that money to get to business and to create the jobs that will support growth, yet the scheme has been managed shambolically. It has been an utter fiasco. The fund is a third of the size of the moneys distributed through the regional development agencies, which have been scrapped without effective replacement, so it has been hugely over-subscribed, which demonstrates businesses' craving for capital. Of the 956 bids received, only 50 were successful in the first round and 119 in the second round. There have been many more losers than winners. It is difficult for the losers, but what of the winners?

Of course, due diligence is needed to ensure the proper use of public funds. The permanent secretary at the Department for Business, Innovation and Skills told the Business, Innovation and Skills Committee that due diligence on successful bids tends to take between two and six weeks, and that until it is complete the successful bidder is not given its money. Yet, clearly, very few successful bidders have received what was promised, because it has taken so long for due diligence to be completed.

I have written to the Secretary of State and tabled parliamentary questions, and in fact the Minister of State, the hon. Member for Hertford and Stortford, who has continually chuntered from a sedentary position today, provided the answers. I tabled those questions to get the answers, to get the facts and to get to the bottom of the delays and mess.

On Monday I received answers to those parliamentary questions, indicating that 30 weeks—30 weeks—after the original announcement just nine of the 50 first-round winners have completed due diligence. When I asked why due diligence has taken so long, I was told:

"It is for successful bidders to initiate due diligence upon receipt of a conditional offer letter from the Department."—[*Official Report*, 21 November 2011; Vol. 536, c. 154W.]

Usually, the Government blame us for all the mistakes; now, it seems that they are seeking to pass on blame to the very businesses that they claim to want to help—and the bidder has to pay for the due diligence cost, too.

As it happens, I met—*[Interruption.]* Ministers shake their heads—

Nadhim Zahawi (Stratford-on-Avon) (Con): Will the hon. Gentleman give way?

Mr Umunna: I will in a moment.

Last week I met one of the first-round bidders, who told me that on learning of their successful bid in April they immediately sought to progress due diligence but, despite chasing the Secretary of State's Department, received no further documentation for four months. When they got it, they immediately responded but, again, heard nothing for another three months—until around the time that my right hon. Friend the Leader of the Opposition raised the issue of the regional growth fund at Prime Minister's questions. I am sure that the timing was totally coincidental.

Even now, formal due diligence is not complete, and the matter is due to go to the permanent secretary's committee for approval on 2 December.

Angela Smith (Penistone and Stocksbridge) (Lab): On that important point, the Institute of Chartered Accountants believes that one reason for the length of time taken on due diligence is the disappearance of the RDAs' expertise in following up the process, and the efficiency savings within the Department, meaning that the skills base there has evaporated, too. Is that not the case?

Mr Umunna: It is clearly the case, as we saw from the evidence of the Department's permanent secretary to the Business, Innovation and Skills Committee a couple of weeks ago.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I reiterate the point about the expertise that has been lost due to the abolition of the RDAs. The European regional development fund is another vital source of money for businesses. Millions of pounds, particularly in the north-east, remain unspent, and only one fund, from the regional growth fund in Manchester, has been used as match funding for ERD funding. That is a huge waste of important business support that could be going to people throughout the country.

Mr Umunna: Perhaps the Secretary of State will address that comment in his response.

Almost one year after the regional growth fund was announced, and six months after due diligence should have been completed, the winning bidder to which I have referred has still not received any money from the regional growth fund. It is clear to me, in that case, where the blame lies for the delay: it is not with the successful bidder. That organisation provides onward distribution of fund awards to businesses that desperately need it. As a result of the chaos, confusion and delay, the bidder in that case tells me that between 3,000 and 4,000 businesses are being deprived of the moneys they need, putting an estimated 11,800 jobs at risk.

What about the other bidders that provide the onward distribution of funds, and the businesses that could support jobs and growth? As I have said, the situation is a fiasco. It is no way to run a Department, and it is no way to treat our businesses or grow our economy. The Secretary of State and his Department are not doing enough to get our economy growing; what little they are doing, they are doing badly.

Andrew Percy (Brigg and Goole) (Con): The hon. Gentleman makes a reasonable point about ERDF delays, one of which I have drawn to the attention of Ministers myself, but, having spent 10 years a councillor in the city of Hull dealing with organisations such as Yorkshire Forward, I must say that the nirvana picture of the RDAs that he tries to paint is certainly not my experience. The points he makes now are exactly the same points that we could have made about Yorkshire Forward and its processes for the past 10 years. The problem is the systems, not, as he outlines, how we structure them.

Mr Umunna: With the greatest respect to the hon. Gentleman, the question is whether the Department is doing what it promised to do for those businesses, which is to give them money and to carry out due diligence in a quick and timely way. It has failed to do so. I do not claim that there was a nirvana in relation to RDAs, but we are talking about the regional growth fund, and we actually want it to succeed.

The Government's latest attempt to grow the economy consists of making it easier to fire, not hire, people. Today, to great fanfare, the Secretary of State said that the service required to claim for unfair dismissal should be increased from one to two years. He said this morning that

"this will mean that business can once again have the confidence to hire the staff they need to grow and thrive."

That is a retrograde step for a Government who think that watering down employees' rights is a substitute for a proper growth plan.

Mr Denis MacShane (Rotherham) (Lab): Even at the height of the Thatcher years, there was no attempt to target individual workers—their unions, yes, because industrial tribunals were a Conservative Government invention, but the measure under discussion is utterly shameless. The efficient European economies are partnership economies, but targeting weaker workers and, particularly, women workers is to the utter and contemptible shame, above all, of a Liberal Democrat Business Secretary.

Mr Umunna: I am glad that my right hon. Friend brings up the Thatcher era, because a well known noble Lord was asked on Sunday whether such initiatives, which seek to make it easier to fire as opposed to hire people, act as a stimulus to job creation. He told the BBC what he thought of that, saying:

"I've been responsible for one of those deregulation initiatives for many years and I would be quite frank in telling you that I don't think we achieved much."

He went on to say that

"you want to be very careful in political terms that you don't get the reputation that all you're trying to do is make life rougher and tougher for large numbers of people."

[Mr Umunna]

Those are the words of the noble Lord Heseltine, and, if a Conservative-led Government are unable to persuade him to buy into the concept, why should the rest of us do so?

Bill Esterson (Sefton Central) (Lab): My hon. Friend makes an excellent point about what Lord Heseltine said, and the evidence is that, when we create uncertainty for workers by attacking their rights, we find that their behaviour changes in relation to the economy. They stop spending money in the economy, and that undermines the opportunity for growth and the support for businesses, so any Government Member who thinks that cutting workers' rights is a way to grow the economy is sadly mistaken.

Mr Umunna: My hon. Friend is right, and when the Chartered Institute of Personnel and Development looked at the economic effects of the proposal to increase the service requirement from one to two years, the chief economist, Dr John Philpott, said that

"any positive effect on hiring is likely to be offset by a corresponding increase in the rate of dismissals. Increasing the qualifying period for obtaining unfair dismissal rights thus runs the risk of reinforcing a hire and fire culture in UK workplaces. Although the policy change will undoubtedly be welcomed by the de-regulation lobby, it isn't the way to boost growth and jobs."

Nadhim Zahawi: The hon. Gentleman is now quoting selectively. Will he tell us what the Federation of Small Businesses, which he quoted earlier, or the chambers of commerce think of that policy?

Mr Umunna: First, I am not quoting selectively. If the hon. Gentleman would like to go and inspect the CIPD press release, he will see that what I have said is the case.

Nadhim Zahawi: What did the FSB say?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. The hon. Gentleman has had his intervention, and he should please wait for the answer. We do not need comments from the side.

Mr Umunna: There we have a Government Member hungry to fire, as opposed to hire, workers.

Nadhim Zahawi: Withdraw.

Mr Umunna: I withdraw that comment.

The hon. Gentleman asked whether business organisations were in favour of increasing the unfair dismissal service requirement from one to two years. That policy may sound good on the face of it, but what will happen—I say this as a former employment lawyer—is that we will simply end up with more employees making spurious discrimination claims, because there is no service requirement for them. When we put that to businesses, they take quite a different point of view of the policy.

Nick de Bois (Enfield North) (Con) *rose—*

Julian Smith: *rose—*

Mr Umunna: I have given way several times, and I want to make a bit of progress.

Instead of reverting to the tired old mantras and doing over the people who work in this country, perhaps the Secretary of State could tell us what he will do to get banks lending to small and medium-sized businesses that are, by his and the Chancellor's own admission, currently being starved of credit. We know that the Project Merlin accord between the banks and the Government failed. The Secretary of State more or less admitted as much when he said:

"Merlin was necessary but it was never going to be sufficient. I don't think any of us pretended it was enough."

We know that the figures published under Merlin are entirely misleading, because under the agreement between the banks and the Government a gross lending measure was adopted, not the more meaningful net figure used by the Bank of England. .The truth is that Project Merlin was really no more than a public relations gimmick designed to get the Government out of a hole when banks' declarations of bonuses were in full flow earlier this year.

For real businesses, the failure is real. The Bank of England's "Trends in Lending" publication for last month showed the stock of lending to UK businesses contracting overall in the three months to August. The Bank's latest agents' summary, for this month, stated that small businesses were still reporting that credit conditions

"remained tight, and in some cases had become tighter."

That is supported by the figures released this morning by the British Bankers Association, showing lending by the high street banking groups to non-financial businesses contracting this month.

To resolve that problem, the Government first need to change their overall economic strategy, to give businesses the confidence to borrow and grow. The small and medium-sized enterprise finance monitor published last week showed that the main barrier to future borrowing by SMEs was the economic climate, but that the other major barrier was the lending practices of the banks. The Government need to use their influence with the banks, particularly through United Kingdom Financial Investments in the case of the banks in which the state has a stake, to insist that they get money out of the door to responsible businesses that have sound business models but are struggling to access finance. In addition, they must urge those banks to adopt a better lending culture—for example, by ensuring that they have local relationship managers on the ground who get to know the business concerned.

Charlie Elphicke: I am sure the whole House has considerable sympathy with the hon. Gentleman's position. Unfortunately, the Government's hands are somewhat tied, because UKFI was set up on the basis that it was at arm's length. When the original deal was done with the banks, the then Government did not force any lending targets on them. This Government have been trying their best to undo that damage through Merlin and other measures, but the previous Government should have got it right in the first place and have made it harder now.

Mr Umunna: When will Government Members take responsibility? I wish that we were still in government, but we have not been for 18 months now. It is about time that they got used to the fact that they are in government and took responsibility.

Business is crying out not for a Government who step aside and fail or refuse to act but for one who adopt an active approach, using all the tools at their disposal to

create the conditions for private sector growth. For all their claims about our record, such as the ones that we have just heard, the Government have kept in place some of the support measures for business that we left them on leaving office. I should point out that under Labour, 1.1 million businesses were created. When we left office, the UK was rated fourth by the World Bank for the ease of doing business, and first in Europe. Under this Government, the UK has dropped to seventh in the global rankings. We will take no lectures from the Government on support for business.

In government, we set up the Better Regulation Executive and the Regulatory Policy Committee to improve the quality, and where appropriate reduce the quantity, of regulation on business. I note that the Government have continued with them.

Julian Smith: Will the hon. Gentleman clarify the top five deregulatory measures that his party took in the 13 years it was in government?

Mr Umunna: I cannot name the top five, but the whole reason the Better Regulation Executive and the Regulatory Policy Committee were set up was to reduce regulations by a huge number and improve their quality.

In government, we also conceived the technology and innovation centres, to promote innovation. The Government are now rolling them out across the country, and they have sought to build on the measures that we put in place to reduce the bureaucracy of Government procurement and increase SMEs' access to it.

In many other areas, however, there has been a disorderly retreat from an active approach. The Government have undermined certainty for investment, cut the science and research funding budget by 15% in real terms and abandoned the 10-year funding plan, and they have abandoned sector strategies such as the defence industrial strategy. The Automotive Council continues, but the RDAs, which could have helped make a reality of the ambition to strengthen companies' supply chains, no longer exist.

The Government have undermined new industries, such as green industries, as my right hon. Friend the Member for Don Valley (Caroline Flint) will outline in the debate that will follow this one. They have delayed the roll-out of universal broadband and undermined the collaborative institutions that we set up to work with businesses, such as the Office for Life Sciences and the Technology Strategy Board, which are widely respected. The higher education sector, the seventh-largest export industry, has been put in disarray by the Government's visa changes. Support for the digital, creative and educational sectors has been scaled back. Then there is the decision to award the £1.5 billion contract for new Thameslink trains to a manufacturer that will make them in Germany, which means that Bombardier is reviewing its activities in Britain.

The Government have retreated from action, undermined confidence, failed to unlock investment, failed to deliver a credible plan for growth and failed to use action to back business. They need to back our five-point plan for growth now and put in place a credible plan to build for our long-term success. These are difficult and challenging times for businesses and people in this country. They deserve better from a Government who say, "We are all in it together", but who, time and again, show that they have absolutely no understanding of the concept.

2.18 pm

The Secretary of State for Business, Innovation and Skills (Vince Cable): I should like to respond to the motion, which actually bears only a passing resemblance to the speech made by the hon. Member for Streatham (Mr Umunna). I will start with issues of fact that I hope we can agree on.

The motion makes perfectly legitimate points about the state of the economy. It is certainly true that there is slow growth across Europe and in the UK. We fully understand that. We have not had the double-dip recession that has been predicted since the very first day of this Government, but yes, we do have slow growth. We accept that we have a worrying level of youth unemployment, although the largest component of that, the NEETs—those who are not in education, employment or training—were actually at their peak level before the financial crisis occurred. It is correct to say, as the motion does, that we have a high, and we would argue excessive, level of borrowing. That makes it all the more perverse that the single policy that the hon. Gentleman is offering to us is to increase that level of borrowing, which he considers so toxic.

Joan Ruddock (Lewisham, Deptford) (Lab): The Prime Minister's constituency has 1.8% unemployment and mine has 7.9%, yet the Secretary of State's Government have chosen to leave a full employment service in Witney and to close down the jobcentre in Deptford. Does he agree, and will he support me, in asking his colleague to return an employment service to Deptford to help the 1,000 young people who are out of work now?

Vince Cable: Obviously, I do not know the particular position in Deptford, but I am very happy to take up the specifics if that helps.

The particular question that the hon. Gentleman started with was fair: why did the economic slow-down occur? He quoted my colleague in the upper House and others of varying views about why we have lower growth than was predicted by independent forecasters 18 months ago.

Bill Esterson: Will the Secretary of State give way?

Vince Cable: Let me try to deal with this issue. We would all probably accept—I hope that the hon. Member for Streatham would accept—that the Governor of the Bank of England is an independent, non-partisan, non-political analyst of what has occurred. Let me read to him the Governor's account given a week ago on why the slow-down in growth has occurred. He said:

> "This reflects the impact on the United Kingdom of the deterioration in prospects internationally, working through weaker net trade, higher credit spreads and the likelihood"

of elevated uncertainty. He goes on to describe the impact of world energy and commodity prices, and the 35% increase in the sterling price of oil, none of which was mentioned in the hon. Gentleman's speech.

Bill Esterson: Will the Secretary of State give way?

Vince Cable: Let me just finish this argument. Some of us have argued for a long time that the underlying problem is that, since the beginning of the crisis, the British economy has suffered—I use my own metaphor—

[Vince Cable]

the economic equivalent of a heart attack. There is a profound problem, and what lies behind it is the fact that, more than any other developed country, we have quite extraordinary levels of debt.

There are different kinds of debt. Household debt is 160% of gross domestic product and, after the boom that took place under the previous Government, it is higher than in other developed countries. Banks' balance sheets are more than 400% of GDP, after they were allowed to run out of control. Government debt is 180% and rising as a result of the deficit financing we had to undertake. If we put those things together, as McKinsey has done, they show that the position we inherited is one where total debt in the UK is approaching 500% of our GDP. The only other country with a problem of that scale is Japan. That is the inheritance we are now seeking to manage.

Mr Umunna: First, on borrowing, does the Business Secretary accept that the average of the independent forecast that his Government published last week shows that, for all his claims to be working to a strategy to reduce our debts, his Government could end up borrowing more in every single year remaining of this Parliament than under Labour's more sensible deficit reduction plan? Secondly, does he accept that confidence indicators when he took office and took charge of his Department were not too bad and were improving until the comprehensive spending review was announced, after which it nosedived?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We must have shorter interventions.

Vince Cable: On the level of borrowing, let us wait until next week and see what the independent forecast is in the Chancellor's statement. Of course, the reason why borrowing rises when the economy slows down is the flexibility that is built in—the so-called counter-cyclical stabilisers that we employ as part of our fiscal policy. Unlike the United States and other countries, we allow slow-downs to be accommodated in that way, supporting the economy.

The hon. Gentleman asked me what our strategy is to deal with this problem. I will summarise it. There are three parts. First, we have to stick to fiscal discipline to maintain the confidence of the people who lend to us. That is a very simple proposition that is very difficult to realise and it is something we have done. He quoted various comments from business organisations around the country. I keep in touch with such organisations regularly and go around the country to the regions and nations of the UK. I have yet to meet a single representative of the business community who has asked us to slacken our process of deficit reduction—not a single one. They all make it absolutely clear, including the CBI, that they regard plan A, as it is called, which is deficit reduction, as an absolutely necessary pre-condition to stabilising the economy.

The second element relates to the first. Precisely because we have a large amount of debt in our economy, the priority for Government has to be to preserve an environment in which there are low interest rates. The stimulus we get in our economy—the source of demand—comes primarily through monetary policy. Through the Bank of England acting on short-term interest rates, through long-term interest rates related to bond yields, through quantitative easing at the Bank of England—now credit easing—and through a competitive exchange rate, we have a monetary policy that supports growth and demand. Given the massive debt we have inherited, it is only through monetary policy—relatively low interest rates—that we can possibly support the economy.

Mr Umunna: On that point, the Business Secretary talks about monetary policy as if it is somehow a good thing that we are having to resort to quantitative easing. Does he agree that quantitative easing is a last resort of a desperate Government?

Vince Cable: It is certainly a last resort in a major economic crisis. I am sure he appreciates that we are living through an economic crisis that is unparalleled in our lifetimes. That is why not only Britain, but the United States and other countries are having to resort to unorthodox monetary policy. That is a reflection of the desperation of many western countries. Our Bank of England has been comfortable with our fiscal policy and, to that extent, has been willing to support it through monetary means.

Those are two of the three elements of the strategy. The third is rebalancing the economy. We inherited an economy that was horribly unbalanced in favour of debt-supported consumption and banking, and we are now rebalancing the economy towards exports and trade. Rapid growth is taking place at the moment in British exports. That is the strategy on which we will proceed and on which we will be judged. The alternative we have been offered is something called plan B, which I think has been renamed the "Antiques Roadshow" in respect of the shadow Chancellor. No serious business organisation is arguing that such financial irresponsibility has any prospect of success.

Nadhim Zahawi: In the document that I have in my hand the shadow Business Secretary says, regarding the new economy, that we need to build an economy that is "less vulnerable to global shocks".
How does the Secretary of State think that building an economy based on £100 billion of extra borrowing by 2015 will deliver that?

Vince Cable: I can give a bit of substance in answer to that. The National Institute of Economic and Social Research, which has been critical of the Government in some respects, has done its own simulation. On the use of fiscal policy to support growth, which I think is what the Opposition plan B is all about, it says that in order to stimulate growth from 1% to 2% we would need to have a Government borrowing account of about 12% of GDP. Is that actually what the Opposition are proposing, because that is what their plan B—fiscal stimulus—means?

Mr Dave Watts (St Helens North) (Lab): The Secretary of State is very good at talking about the support he gets for deficit reduction. When he is travelling around the UK, do people support his growth policies, because I have not met a business man who does?

Vince Cable: I have tried to explain that wherever I go, not just in the business community, there is an understanding that, given our inheritance, we have to pursue fiscal discipline. It is as simple as that. We will

support that with economic growth measures that I will develop, responding to the comments of the hon. Member for Streatham, in a moment.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Secretary of State knows that some of us, even on the Labour Benches, have always admired his grasp of economics, and his analysis is impressive. I also know that he gets around the country; he has recently been to my constituency. However, what people are telling me when I go around the country is that they understand the analysis but want to know where is the imagination that is needed when a Government see 1 million young people unemployed. Where is the charismatic leadership? Where is the air that something is really being done fundamentally to help these young people?

Vince Cable: I will describe in more detail, as will the Minister for Further Education, Skills and Lifelong Learning, some of the initiatives that we are taking on apprenticeships, for example, which reflect real imagination and real change.

Let me try to respond to some of the points that the hon. Member for Streatham made. First, he wholly misunderstands what is happening with the regional growth fund. More than half the projects are under way in the first wave of the regional growth fund. The factories have been built and the jobs are being created. Because of due diligence, the disbursement—I have had this confirmed—is still taking an average of three to six weeks. I am happy to pursue the individual cases that the hon. Gentleman raised. As I understand it—I may be wrong—the case that he dwelt on at some length is the result of the applicant having radically changed the status of their application, and we will happily look at that. However, I am not going to take lectures on the disbursement of Government money. I do not know whether he is aware of this, but the previous Government set up a £5 billion trade credit insurance scheme which, after two years, has managed to disburse £81,000. The regional growth fund is proceeding as predicted and suggested by Lord Heseltine and his team. We are following those processes. The factories are being built and the jobs are being created, and that is what matters.

The hon. Gentleman challenged me on procurement. I have been to Derby and talked to the people involved. Obviously, we are very concerned about what has happened in that case. The problem with procurement is that for a decade or more the public procurement policies pursued in this country were unbelievably short-sighted and legalistic. In the case of the Thameslink contract, we inherited a contract procedure based principles that did not allow for the wider effects on the British economy. However, that particular decision has been made. I have made it absolutely clear, and my right hon. Friend the Minister for the Cabinet Office made it clear two days ago, that we are going to approach public procurement in a different way. We are going to do it strategically and take account of supply chains. Of course we will operate within the law and will not be protectionist, but a lot can be done through public procurement that we are now going to pursue. My only question is why on earth Labour Members did not do this when they were in office if they care so much about it.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): Is the Secretary of State now in a position to give me an answer that he could not give when I questioned his departmental report a couple of weeks ago—namely, exactly how many jobs have been created by the regional growth fund so far?

Vince Cable: No, I cannot do that, because the projects are under construction. When they are fully completed and fully staffed and their supply chains are established, it will be possible to come up with a meaningful number.

The third area of criticism and questioning of the hon. Member for Streatham related to the banks. The motion recycles the idea of a bank bonus tax, so let us go over what that involves. The current estimate from the CBI, which has carried out research on this in the City, suggests that the yield from bonuses this year—the bonus pool—is likely to be something in the order of £4.2 billion. Of that £4.2 billion, £2.5 billion goes to Her Majesty's Revenue and Customs in tax because of high tax rates on bonuses, and rightly so. That leaves £1.7 billion in bonuses paid out, assuming that the projection is correct. The Opposition are suggesting that they will have a £2 billion tax on bank bonuses. Where is this £2 billion going to come from? It is considerably more than the total bonuses paid out. Even if they applied 100% tax, which is implausible, what would happen, obviously, is that pay would be consolidated. They have not thought this through. Perhaps that is why the hon. Gentleman did not bother to raise it. Can he can tell us how it will work?

Mr Umunna: I am happy to do so. I am slightly bemused that the Secretary of State should quote those figures from the CBI. It represents all the banks, so would he expect it to say anything different? Of course, the bonus round has not yet been completed, so we have absolutely no idea what the final figure will be.

Vince Cable: I see that the hon. Gentleman is playing for time.

Apart from this slightly mysterious bank bonus tax, what is extraordinary is that we are being lectured on the banking system by a party which in government allowed the banking system to run completely out of control. There was no regulation on cash bonuses. Despite the fact that the banks had an implicit Government guarantee, they were not required to pay any tax for it. We have introduced the banking levy. Labour allowed tax avoidance on an industrial scale and did absolutely nothing about it, yet the hon. Gentleman now presumes to lecture me on banking. I really do think that Labour Members need to reflect a little on what happened in the banking system.

Finally, the hon. Gentleman made various references to spending commitments—or our damaging spending cuts, as he saw them—and tax cuts. This is the time of year when my grandchildren write letters to the north pole addressed to Santa Claus. I have to say that compared with what we are hearing, those letters from my five-year-old grandson are a model of financial discipline and economic literacy. The hon. Gentleman's predecessor was very eloquent in criticising the cuts to the university teaching grant. The hon. Gentleman has adopted other targets—for example, he has criticised the cuts in the regional development agencies. He has also criticised cuts in the science budget. Last week, he made a very eloquent statement on this, despite the fact that the scientific establishment had been very complimentary about the fact that we had protected the cash budget for science.

[Vince Cable]

When I came into my current job, the one thing I knew was that my Labour predecessors were planning to cut the Department's budget by 25%, and that is what we have done, because that was the economic reality. I am therefore left with a question to which I have been trying to get an answer. Perhaps the hon. Gentleman can be more forthcoming and economically rounded than his predecessor in telling me how the Opposition are going to achieve their plans. Where is the money going to come from? We have a whole lot of spending commitments in every area of our Department, but not a single suggestion about where those heroic cuts are going to come from. Of course we would like to spend more money on science and other things, and of course some of the tax cut proposals are very attractive, such as the VAT rate on building repairs, which would cost £1 billion, but where does the money come from? This gets to the heart of the problem, which is that the Labour Opposition's proposal is financially irresponsible. It deals with the problem of Government borrowing by adding to it and deals with the problem of Government debt by adding to it.

Mr Umunna: The various commitments that we have made are all costed and fund themselves. The Business Secretary has said a lot about banking. If he is so fiscally responsible, will he join us in committing to use all the proceeds from the sales of the public stakes in the banks towards reducing the deficit?

Vince Cable: The hon. Gentleman's numbers may have been costed but they do not add up—that is the problem. As for the banks, it will be quite some years before the sales take place. The Northern Rock sale has gone ahead—that is a small bank—but for the major banks, it is likely to be some years ahead. We do not know whether it will be in this Parliament or the next; we have no idea what the economic conditions will be. It would be ludicrous for me to hypothecate about revenue receipts at this stage.

I will move on to my final passage, because I would like colleagues to have an opportunity to speak. I will summarise some of the positive things that we are doing, albeit within a very constrained budget, to support growth. Of course, fiscal discipline and monetary policy have to be supported by interventions. The hon. Gentleman is absolutely right that there is a role for state intervention. I am not in favour of laissez-faire. There are things that we can do.

Our concentration is on export growth. There has been 13% export growth over the past year. We are outward looking. The motion does not even mention trade. It is unbelievably parochial. I spend a lot of my time in emerging markets with British exporters—I have been to all of them—to support export growth. I do not claim personal credit for the growth, but we have acted as a catalyst for export growth in Brazil, Russia, India and China—the BRIC countries—of 26%, in India of 34% and in Turkey of 30%. I keep in touch with our exporters by working with them and alongside them to deal with overseas Governments. That is where the recovery is going to take place. It is on the back of those exports that we are getting rapid growth in manufacturing in certain sectors such as the automobile sector, which has attracted big inward investment from Jaguar Land Rover and others.

Julian Smith: Will the Secretary of State tell us what situation he found exports in when he arrived in his post? What sort of condition was UK Trade & Investment in and what great suggestions did the previous Government have in this area?

Vince Cable: UKTI has been radically reformed, thanks to the Minister for Trade and Investment, Lord Green. I think that it will perform an excellent function. What I found was that British export activity in the big emerging markets, which is clearly where future growth lies, had been sorely neglected for many years. As somebody put it to me, when we turned up on the beach the Germans were already in the deckchairs. They have dominated the market in these countries and we are a marginal player. It will take years to turn that around, but that is where our emphasis lies.

Nadhim Zahawi: Does the Secretary of State agree that under the previous Government we exported more to Ireland than we did to Brazil, Russia, India and China put together?

Vince Cable: I thank the hon. Gentleman for reminding me of one of my best lines. It is partly a compliment to Ireland that we trade with it so extensively, but that fact is an appalling commentary on our neglect of the big emerging markets.

Export growth is one key focus for us. The second is people and apprenticeships. The Minister for Further Education, Skills and Lifelong Learning will say more about this in his summary. Despite a severely curtailed budget, we have increased apprenticeships—actual people doing training—by 50% over the past year. There are now 350,000 people in such training. We do not accept that that is the end of the road. We have to improve the quality and refocus as much as possible on younger apprentices, thereby addressing in part the problem of youth unemployment. This is a major success story and we are proud of it.

On access to finance, one of the major themes of my analysis has been that what we are dealing with is a collapsed and non-functioning banking system. It is right for Members to continue to cross-question us on the Merlin agreement, because that is at the heart of the problem. We have stopped, at least in relation to small and medium-sized enterprises, a process of rapid deleveraging. We are using Government funding through the regional growth fund and, from next year, the Green investment bank to co-finance private capital so that there is access to finance for British industry. We are taking initiatives to support equity finance. The business growth fund is not Government owned or controlled, but it is a major initiative that should have been taken decades ago to get equity finance functioning. Access to finance is a critical issue—of course we accept that. It is a consequence of the banking crisis that we are focused on it.

I want to give one final concluding thought. When I hear the Opposition speaking about the economy, I think that lying at the back of their world view is the idea that what we are currently in the middle of is a cyclical problem—we had a boom, we had a bust, we will press a few buttons, spend a bit more money, and we will get back into a boom again. This is not a cyclical problem; it is a profound, long-standing structural problem. We had the wrong model. Growth was based on

fundamentally the wrong principles, it was not sustainable and it collapsed. We are now having to repair the damage.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I remind everybody that there is a five-minute limit on speeches.

2.44 pm

Gordon Banks (Ochil and South Perthshire) (Lab): I will bear in mind your comments, Mr Deputy Speaker.

The problem in a debate like this is where to start. I will start with what I want to see, which is business growth. Business growth delivers job creation, which in turn delivers tax revenues and growth for individuals, the importance of which we should not underestimate at any cost. The fundamental question that we are discussing is whether Opposition and Government Members believe that the Government can be a driver for growth. I and a number of my colleagues believe that they can be.

Why is this debate so important? It is important to my constituents because people in my constituency are losing jobs, and businesses in my constituency are going bust. The industry that I have been involved in since I was 18 years of age has been decimated by the Government. In Ochil and South Perthshire, 5.6 jobseeker's allowance claimants are going after each job. I realise that that is by no means the highest rate in the UK. The number of JSA claimants in Ochil and South Perthshire has risen by 95% since 2006. The overall number of people in employment is falling. In the last year, 93% of constituencies saw a rise in their claimant count. That has been caused by the speed and depth of the cuts, and by the private sector not being able to keep up with them, just as the Opposition said would happen.

That is why we want the Government to do more to help UK businesses. Helping business helps employment. The Government have cut capital budgets by 11%. Because their deficit reduction plan is failing, they will have to borrow more to pay for unemployment and to cover falling tax revenues. That is the backdrop that has led to this debate. The Government should listen hard to what is said by my colleagues on the Labour Benches.

As I said, I have been in the construction industry all my life. I remain involved in that business today. In the time that I have left, I will talk about what the Government can do and should be doing to help the construction industry. It is my view that the construction industry gives a measure of the economy as a whole. It is of the private sector, but it needs the public sector and the private sector to survive. If businesses want to expand, they need the construction industry to do so if they need premises, transport networks or communication infrastructure. If the construction industry is on its knees, the country is on its knees. The Government need to grasp the fact that every pound spent in the construction industry generates £2.83 in the wider economy. That point is not disputed.

The Opposition's five-point plan would benefit the construction industry from point one through to point five. I will focus on one or two of the points in the short time that I have left. Bringing forward investment projects to get the industry working again would regenerate our infrastructure, allow future growth and give skills to individuals.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): I wonder whether my hon. Friend wants to comment on the call of the International Monetary Fund for a global growth compact, which supports exactly the initiative that he is suggesting. It says that there must be infrastructure development in the west—not just this country but the whole world—to recover from this economic downturn.

Gordon Banks: I agree with my hon. Friend. If we do not get our infrastructure right, we will not be in the position that we want to be in when things move forward and we will be disadvantaged. I ask the Government not to look solely at big individual projects when they are trying to regenerate the economy. We need local and regional regeneration and investment in local and regional infrastructure.

Julian Smith: Does the hon. Gentleman welcome the Government's introduction of the Work programme, which will help many of those JSA applicants of whom he spoke, and the new enterprise allowance, which gives significant sums of money to unemployed people who want to set up a business?

Gordon Banks: My experience of the Work programme is that it is a not-working programme.

The cut in VAT to 5% for home improvement repairs and maintenance—another part of Labour's five-point plan—would discourage the black market and encourage investment in our housing stock at a time when the Government are wringing their hands about the green deal. Experian data show that a cut from 17.5% to 5% would have produced a £1.4 billion stimulus to the UK economy in 2010, which would have got Britain building. It is working on reviewing that figure in the light of the current 20% VAT rate.

On housing, which is an important part of the construction industry, social rent starts and affordable home starts have fallen by 99%, but in 2007, there were 357,000 first-time home buyers in the UK, who generated £2.1 billion in our high streets. That is the real power of the construction industry and why the industry is so important to the whole of the UK. I hope the Government plans announced earlier this week to regenerate the housing market deliver progress, but one must ask: why have they been asleep at the wheel for the past 18 months?

On lending, we are a country of small businesses, yet the Federation of Small Businesses tells us that credit lines for financially sound businesses have been tightened and interest rates have increased. The Federation of Master Builders has reinforced the point about that failure.

The Government have announced a desire to look at credit easing, which suggests that Project Merlin has failed. Do they know how much of Project Merlin's compliance agreements are re-signed and recycled arrangements? Do they know that banks are withdrawing overdraft facilities and setting businesses up with term loans?

Andrew Bridgen (North West Leicestershire) (Con): The hon. Gentleman echoes the shadow Secretary of State in criticising the Government for undertaking quantitative easing. In truth, this Government and the previous one undertook quantitative easing, but there is a huge difference between them. This Government are using QE to buy bank debt to put liquidity into the banks, which is much needed by business, whereas the previous one used QE to buy Government debt, because at the time, the rest of the world had lost confidence in buying it.

Gordon Banks: I never mentioned quantitative easing—I was talking about term loans. Term loans are being offered to businesses because they are better for the lender, not the borrower, and because they deliver a skewed figure into the Merlin arrangements. That cannot be acceptable. Business should not be run on term loans.

2.52 pm

Richard Fuller (Bedford) (Con): As this is a business debate, I draw Members' attention to my entry in the Register of Members' Financial Interests.

I start by congratulating the hon. Member for Streatham (Mr Umunna) on introducing this debate and on the thoughtful way in which he presented his case. As I said in an intervention, he offers an opportunity for a fresh approach. What a contrast this debate is to the one on the economy called by his colleague the shadow Chancellor a couple of weeks ago, which turned into an episode of "Romper Room"—some hon. Members are old enough to remember that—with childish comments being made left, right and centre. The hon. Member for Streatham presented a much more cogent case today, but that is the root of his problem. He is the fresh new hope, but unfortunately he is held back by sad and discredited ideas, the core policy of which, as the Prime Minister has said, has been reheated and resold at least eight times already.

I encourage the hon. Member for Streatham to be a little bolder in setting out his ideas. I know that he agrees—his speech lasted 31 minutes, but only in the 30th did he get round to talking about Labour's so-called five-point plan. I ask him to spend more time developing his ideas, and not to be held back by the discredited Labour past.

Mr Umunna: Back-handed compliments aside, it is unfair of the hon. Gentleman to say that I did not talk about the different elements of the five-point plan. I remind him that I cited a list of the different business organisations that have called in different ways for parts of that plan to be implemented—from the Federation of Master Builders to the Federation of Small Businesses and the CBI.

Richard Fuller: I appreciate that, and I shall continue to listen intently to all the hon. Gentleman says.

The challenge that this country faces to restore growth is immense. It needs good ideas from both sides of the House and full commitment to the task. On that point, may I say gently to my right hon. Friend the Secretary of State, who is a noble individual and a good gentleman, that sometimes people feel that commitment may not be there 100% of the time from the Department, and that is a commitment to the role of the free market and business. It is as though we have at times a literary equivalent of Dr Cable and Mr Hyde. There is one part of the personality of the Secretary of State that embraces the idea of business and likes the approach of free markets, and then there is the other side of the personality that likes to hang out with a bunch of people on a camping holiday outside a well-known church musing on the merits of capitalism.

Julian Smith: Just to correct my hon. Friend slightly, this Government have done more than the previous Government did in 13 years on deregulation and freeing up British business. We must not lose sight of that.

Richard Fuller: That is absolutely true, but the challenge that we face is more immense because of 13 years of over-regulation by the previous Government, and because of the challenge of the international community. From the Secretary of State's announcements today, I know that the sunshine side of his personality is more to the fore, and that he will demonstrate a strong and full commitment to the hard work that entrepreneurs and business leaders are putting in around the country.

I encourage the Secretary of State to take action on three further areas. First, I encourage him to work more strongly with the Treasury on ideas for credit that work for all sizes of businesses. Although there is a lot of emphasis on trying to make the banks a useful conduit of finance to small businesses, that is not working for very small businesses. Please can we look at alternative measures? Can we look again at tax relief for debt financing for our micro-businesses? For the first time, can we consider peer-to-peer lending organisations such as Funding Circle, which provides an alternative way of raising funds for small businesses? It is not enough to come forward with another policy that relies on the banks doing something tomorrow that they are not doing today.

Secondly, I encourage the Secretary of State to look at the sector that is the biggest drag on our economy, namely the bureaucratic state. If we want to create a growing economy, we cannot ignore such a substantial part of it. I encourage him to ask other Ministers to enlist our public servants and bureaucrats in the task of identifying growth. Every single day, the employees of small businesses in my constituency work very hard to create growth and the conditions for profitability, and they tell me that they are not getting the support they need from either their local government or their national Government. We need a culture change in our Government Departments. They need to say: "Our primary task—our national mission—is to support the growth of enterprise and business. What can we do every day to help people to achieve that?"

Will the Secretary of State also look at the opportunity provided by social enterprises? The Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Ruislip, Northwood and Pinner (Mr Hurd), who is the Minister with responsibility for the civil society, is doing a lot of work with social enterprises to free them from some of the burdens of regulation. Will the Secretary of State have his Department look at how the power of social entrepreneurs can be brought to bear on our public services and public sector so that they can be more productive? Social enterprises are a fantastic way to encourage growth.

Will the Secretary of State consider using Parliament to review outdated statutory instruments, laws and regulations that are a bureaucratic drag on productivity and business? Rather than using Parliament to pass new laws, we could use it to scrap existing ones. I am sure we can find time for that.

Thirdly and finally—this underlies all our efforts to create growth—I benefited in my career from two fundamental pushes on growth in our economy: building out the global supply chain and the consequential growth of financial services, which gave people the ability to buy goods and services much more cheaply than they would have got them had we relied only on a national economy; and the growth of information technology. The next source of fantastic growth is likely to be when households in India and China want to buy our goods. But that is not here today. That is not going to be here in the next five years. What we can do in that period of time is have a national campaign led by the Secretary of State to create an entrepreneurial society recognising that there are different motivations for being an entrepreneur. Not only do entrepreneurs want to make money; people are motivated by spiritural objectives. Let that be the mission and legacy of our Secretary of State.

2.59 pm

Andrew Miller (Ellesmere Port and Neston) (Lab): It is a pleasure to follow the thoughtful speech by the hon. Member for Bedford (Richard Fuller). He and I have a common interest in the supply chains that he ended his comments talking about. The Secretary of State knows that I have been working hard in the north-west region to improve the automotive supply chain. That is one of the solutions because we are now in a position to recapture work from countries to which work in the automotive sector was previously exported as a result of changes in those countries' economies. As labour costs have risen, as they will continue to do inexorably in Poland and China for example, we will be able to start thinking about recapturing that work. There needs to be common ground there.

I want to correct one point: for the second time, the hon. Member for Skipton and Ripon (Julian Smith) made a mischievous intervention concerning the previous Government's record on deregulation. I think that the hon. Member for Solihull (Lorely Burt) will back me up on this point because she attended the Regulatory Reform Committee assiduously when I was its Chair: we could count on one hand the number of times a Conservative Member turned up to the Committee in the last Parliament. Perhaps they are finding their road to Damascus at last.

Lorely Burt (Solihull) (LD): The hon. Gentleman and I spent many happy hours tinkering around the edges of much regulation but we did not really power into the important pieces of regulation. Does he agree that that is what the Government are now seeking to do?

Andrew Miller: That was certainly the case with the Regulatory Reform Committee—it used the framework of the House to make limited adjustments—but we should remember the legacy left by Sir William Sargent, who did an amazing amount of work leading the Better Regulation Executive and putting in place the framework now being utilised. To ignore his work would be an insult to a fine public servant.

On skills, I am pleased that the apprentice Minister or the Minister for apprenticeships—whichever way it is—is here. I understand that he has indicated his wish to visit West Cheshire college. He is most welcome to visit that fine college built with resources provided by Labour but I would like him to think about some issues, particularly the needs of apprentices and young people coming to train from areas of extreme deprivation. There are many simple things that he could urge the Treasury to think about. For example, in my area there are plenty of vocational courses leading to jobs in specialist sectors, yet young people from deprived areas who, had they stayed on at school, would have got free school meals get no support to help them eat when at college.

TTE training runs a good training centre in my constituency providing Cogent training courses—I recently had the great pleasure to attend the royal visit to the centre organised at the behest of the royal family. That training centre is doing fantastic work at the high end of the petrochemicals sector—with players such as Shell and Ineos Chlor—but it is having difficulty finding a financial solution to deal with the needs of small and medium-sized enterprises. The Secretary of State will know that in Germany the burden is often placed on the large players, which are encouraged to finance the supply chain. That is one possible solution but the important point is that we need a practical solution, otherwise we will have no way forward and the young people making themselves available to go on such courses will be—

Andrew Bridgen: The hon. Gentleman is being mischievous by suggesting that there was a great deregulatory fervour about the previous Labour Government. For the past eight months he has served assiduously alongside me on the Löfstedt review looking at the reform of health and safety law. Would that review have been carried out under the previous Labour Government? Should it have been carried out? If so, why was it not?

Andrew Miller: I do not want to be tempted to comment on the review because it would breach the embargo—of course, the hon. Gentleman and I have seen its contents—but I shall be happy to express my views publicly in days to come. However, there is a fair amount of agreement between him and me on this point so I ask him not to tempt me down that line.

Mention has been made of the serious issue of the science base. The Secretary of State has got to get to grips with the confusion in the university sector. A combination of things has impacted on the universities, such as the fees structure changes, the capital spend problems and the overseas student issue. Yes, it is welcome that millions of pounds are being spent on a graphene centre in Manchester, but would it not have been ironic that had these rules been in place, Andre Geim might not have been at Manchester university to make those fantastic discoveries? The Government have to think carefully about the possibility of damaging a £5 billion industry that provides us not only with a superb base for our own research and development and science-based companies, but with a huge export of knowledge, which improves our relationship with so many of the countries with which we do business. I urge the Government to rethink what they are doing in the university sector.

3.7 pm

Lorely Burt (Solihull) (LD): When I read the title of this debate—about supporting business to encourage economic growth and employment—I hoped that all the parties might for once argue constructively to come up with ideas together. I am sure that we all agree that business in this country needs support, and we all want it to get that support. On the economy, however, that is probably where the consensus ends. The coalition Government cannot abandon their plans and adopt the seductive mantra of going less far, less fast. The consequences of doing that can be seen across the channel in Greece, Portugal and Spain, which have borrowing rates of 32%, 11% and 7% respectively, compared with Germany's 1.82%, France's 3.12% and the UK's 2.28%.

Mark Lazarowicz: The hon. Lady is in danger of becoming complacent about the Government's policies, which, as has been pointed out, are resulting in an increase in borrowing well beyond what was predicted. Is there not a danger that the UK could become the target of those who want to speculate on rising debt? We need a change of policy internationally, as was suggested earlier, to prevent the entire world economy from falling into a cycle of more depression, recession and less growth. That is the answer. She should not be complacent about the situation in the UK as a result of the Government's policies, which are leading to increased borrowing.

Lorely Burt: I am grateful to the hon. Gentleman, and he is absolutely right to say that there is more borrowing than we had anticipated. However, the amount of borrowing will be going down year on year. I am sure that my colleagues on the Front Bench would agree with me that we cannot get out of a debt crisis by borrowing more. At some stage we have to start actually paying the money back. The UK is borrowing at low rates—we have that confidence. Let us just imagine how many more jobs would be lost and how many more people would be suffering if we were borrowing at 32%—that is, if we were in one of those dark places.

The motion starts with the usual party knockabout. For example, we are supposedly "choking off" growth and

"failing to use strategically procurement and other tools to drive growth and innovation".

However, it is not true that we have failed in that respect. We have cut corporation tax, and by the end of this Parliament we aim to create the most competitive corporate tax system in the G20. Research and development credits will rise by 200% this year and 225% next year. Then there is regulation. We have scrapped the proposals that the hon. Member for Ellesmere Port and Neston (Andrew Miller) was talking about, with savings to business currently amounting to £350 million a year. Whatever we did in our little Committee, it never amounted to that sort of saving. We have also introduced a moratorium on new regulation for micro-businesses.

Then there is technology and innovation centres, and so on—I do not have time to say much more in five minutes.

Julian Smith: The exemption for micro-businesses is a key development from this Government. Does my hon. Friend think that some of the arrogance of Opposition Members comes from their never having worked in a small business, and that that absence of business experience is influencing their views?

Lorely Burt: I would not dream of criticising Opposition Members. I know that quite a number of them have run their own businesses—micro-businesses and bigger businesses, too—but I also give our Government credit for coming up with that exemption, because it is an important source of help at a difficult time.

Finance has been a big issue. We have not got it right yet: there is more lending, but we still need to do more. We have continued the enterprise finance guarantee scheme and the programme of enterprise capital funds. We are also encouraging a more enabling environment for business angel investment, taking forward a package of investment readiness through a network of growth hubs. Then there is the bank-led £1.5 billion business growth fund, to provide funding of £2 million to £10 million for small and medium-sized businesses with strong growth potential. What is more, as I am sure even the Opposition would concede, we have not failed to use strategic tools to bring forward growth. Indeed, a number of those strategic moves are ones that Labour introduced.

After the knockabout we come to the constructive part of the motion, which is very welcome; indeed, I agree with some of it. However, the plan to levy a £2 billion tax on bank bonuses—this week it is to fund 100,000 jobs for young people and 25,000 more affordable homes—is a nice idea, but as my right hon. Friend the Secretary of State said, it is just not practical. We are already taxing banks every year to the tune of £2.5 billion, on the basis of the banks' balance sheets. That is more than the Labour party raised with its £2 billion bankers' bonus tax—a move that the right hon. Member for Edinburgh South West (Mr Darling) has already admitted has "failed".

Opposition colleagues also suggest reversing the VAT rise for a temporary period. That is great, but how are they going to pay for it? What other cuts will they make instead? Is this part of their slowdown programme—their "not too far, not too fast" agenda, which has so spectacularly failed in America, whose credit rating has been downgraded and whose debt is now $15 trillion? The motion calls on us

"to bring forward long-term...projects to get people back to work".

I totally agree with that—who would not?—and I hope to see more strategies that complement the things that we are already doing, such as the Green investment bank, the green deal, house building, the growing places fund, and so on. I would also like the council house building programme to be brought forward before we receive the receipts from the sale of 100,000 council houses. Why wait? Let us build those houses now.

I also agree with the suggestion of a one-year cut in VAT on home improvements, repairs and maintenance. The Treasury is losing many millions of pounds in revenue because of a growing black market involving private customers and small businesses paying cash for jobs done in their homes. The one-year national insurance tax break to help small businesses grow and create jobs is a great idea—one for which I have lobbied for some time. However, as a start, and to make it more affordable, why not introduce it for small businesses? I would greatly like to see—

Madam Deputy Speaker (Dawn Primarolo): Order.

3.15 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): It is easy to launch into a debate about the macro policy, but we all represent individual businesses. The most frustrating thing for our electors, whatever seat we represent, is the gap between Government policy and rhetoric, and the reality on the ground. I would like to use three businesses in my constituency to illustrate the way in which Government policy is damaging growth.

The first businessman, who should remain anonymous, is a local plumber, known to Members in all parts of the House because he has replaced many MPs' bathrooms. He faces a dilemma because of the increase in VAT to 20%. After 40 years in the industry, he tells me that the increase has become a psychological barrier for many customers, as they are immediately able to work out the amounts involved. People understand what they are paying much more than they do when the rate is 15% or 17.5%. He is afraid that the VAT increase is a double whammy for the economy. First, there will be more VAT avoidance and the tax take will fall, thereby making it harder to reduce the deficit. Secondly, the increase will lead to people not doing jobs around their homes, which will stifle economic growth. The Opposition have said that we want to reverse the VAT rise and have a one-year cut to 5% on home improvements. I strongly believe that we should analyse the impact of the VAT increase on small businesses, in the long-term financial interests of the country.

The second concern is about banks' lending policies. Terry Withers, of Admiral Scaffolding, a company of 20 years' standing, says that Government-backed RBS refused to let the business go overdrawn by just £5,000, even though it was the first time he had ever asked for an overdraft and the business had uncleared cheques going through its account worth £26,000. The company was also refused a loan that would have seen it convert all its vehicles to the latest green technology and expand its scaffolding kit, which in turn would have allowed it to increase the number of people it employs from 100 to 140. Mr Withers says that he is exactly the sort of business man who has lost out because of the failure of the Government's Project Merlin.

In the first three quarters of the year, over half the SMEs applying for an overdraft for the first time were refused. A few months ago, when I took up the case of another business in a similar position, the Merton chamber of commerce told me that local firms were pessimistic about the future because of constraints on their working capital and the difficulty of raising finances. No wonder the CBI has found that almost two thirds of business leaders are considering changing their work force plans. The truth is that, so far, the Government have been unable to make the banks lend—that includes even our own banks, such as RBS—and when the banks refuse, direct Government help is pitiful.

My third case concerns Her Majesty's Revenue and Customs. I would like to take this opportunity to voice my anger about its disgraceful attitude when dealing with MPs' casework. I have always had difficulties in dealing with HMRC. In the most recent case, which was brought to my attention by Simon Walker of SPS Timber, a window manufacturer and replacement company in my constituency, I wrote to HMRC in August. It wrote back nearly four weeks later to say that it hoped to reply to me by November. Then when the reply came it was full of inaccuracies. The issue concerned HMRC's penalties for late cheques for payroll. Mr Walker says that HMRC had not told him of the penalties. He argues that those penalties are a false economy, as they could be the breaking point for some small firms.

HMRC's reply described a letter allegedly sent to Mr Walker in May, even though Mr Walker says that he keeps all his correspondence and has received nothing. My visit to his business showed him to be an assiduous record-keeper. HMRC admits to not having any record of the letter it sent him. HMRC claims that it spoke to a "Catherine Walker" about this in October, but nobody of that name works for the company, and in any case this was months after the penalties were charged. My telephone conversations have been just as infuriating. I am sure I am not the only Member who finds HMRC utterly unsatisfactory.

Mark Lazarowicz: My hon. Friend may recall that the hon. Member for Skipton and Ripon (Julian Smith) said a few moments ago that we were arrogant in raising these issues, but she is absolutely right to raise all the concerns of our constituents. We do not raise them because we are arrogant, but because we see the effects of Government policy on our constituents every day. We know that the Government might be trying to a certain extent, but what they are doing is not good enough and it is not working. That is why we want action now to deal with people's problems with tax and unemployment—and it must be more than what the Government are doing already.

Siobhain McDonagh: I agree completely with my hon. Friend. I am making this speech because I want the Government to be sure that they know what individual small businesses and manufacturing businesses are saying on the ground.

Andrew Bridgen *rose—*

Siobhain McDonagh: I do not want to take up too much time because I know others have things to say. I am seriously concerned about HMRC's handling of casework and I do not think that it has the capacity to balance its role in raising taxes with its key role in generating economic growth. I hope that we can explore this concern on future occasions. I am grateful for the opportunity to let the House know how my constituents feel.

3.21pm

Stephen Metcalfe (South Basildon and East Thurrock) (Con): Thank you, Madam Deputy Speaker, for giving me the opportunity to speak in this important debate. There is no doubt that growth and employment should be at the top of everyone's list of priorities, and I know that that applies to this Government, who are trying to promote that agenda. This motion, however, does nothing to build on that. It is just more of the same from the Labour party—the party that brought us to the brink of bankruptcy. *[Interruption.]* It is the party that just loves to spend other people's money.

Toby Perkins (Chesterfield) (Lab): I think that the hon. Gentleman might have dropped his script. According to his own party, growth and job creation are not the

[Toby Perkins]

No. 1 priority, which is deficit reduction. We absolutely support the hon. Gentleman in what he said, so will he start to put some pressure on his party to put growth and job security at the top of the agenda again?

Stephen Metcalfe: I put the two hand in hand. *[Interruption.]* Yes I do. The Government have a cogent plan, but as I say, they have to deal with the reality that we inherited.

As I was saying, the Labour party just loves to spend other people's money. We all like to spend money: it give us that warm glow inside, but I imagine that the rate at which Labour has spent money, and wants to spend it again, would give a white-hot glow. Labour Members do not even try to hide the fact that they spent all the money. The right hon. Member for Birmingham, Hodge Hill (Mr Byrne) informed us in his now infamous note that there was no money left. Again, it falls to us to clear up their mess.

Andrew Bridgen: The hon. Member for Mitcham and Morden (Siobhain McDonagh) talked about problems at the Inland Revenue, but is not the truth that the botched merger with Customs and Excise has meant a vast deterioration in performance, which has affected many of my constituents? That is the fault of the Labour Government.

Stephen Metcalfe: I could not agree with my hon. Friend more. That is another problem that we have to sort out by clearing up the mess left by the previous Government.

Despite what Labour Members say and despite the sentiment behind this motion, we are, I believe, making good progress. As we have heard, we are creating the most competitive tax system in the G20; we are investing in businesses to help them start up and grow; we are encouraging inward investment and supporting exports; we are investing in science and technology and creating a more educated and more flexible work force. Of course there is still more to do, and I believe we are doing it.

For example, today, my right hon. Friend the Business Secretary announced new reforms to employment law—mentioned by the hon. Member for Streatham (Mr Umunna)—as part of the Government's plan for growth, which will cut unnecessary demands on business while safeguarding workers' rights. However, if we listen to the instant reaction from Labour, we find that they would have us believe that these measures are anti-employment and the reforms are about making it easier for companies to fire staff. I believe that the reverse is true. The Opposition spend a lot of time trying to cast employers as the bad guys—as a group of money grabbers trying to get rich off the backs of the workers.

Guto Bebb (Aberconwy) (Con): Is my hon. Friend interested to hear the comments of the former Labour MEP Eluned Morgan, who is now a Baroness, when she stated that many in the private sector had sensed the animosity of the Labour party towards that sector?

Stephen Metcalfe: I would indeed agree with that view. I believe that all Government Members, and I suspect some Opposition Members too, would agree that the vast majority of businesses, especially small and medium-sized enterprises, know that their most valuable asset is their staff. Employers need staff and staff need employers. The problem has been that in the current economic climate firms are cautious about taking on additional risk, and that often means being cautious about taking on additional staff. I believe that making it easier for companies to manage their staff levels makes it easier for them to take on staff. Knowing that the risks of employment have been reduced might well unlock the employment door.

Bill Esterson: Does the hon. Gentleman agree that one of the worst things for an employer, particularly a small business, is having staff who are unsettled, looking for other jobs and fearful for their own future, which is actually bad both for the business and the economy, because those people spend less money? The measures proposed by the Government will simply contribute further to that, and make the situation worse.

Stephen Metcalfe: I agree that having an unsettled work force is not healthy, which is why it falls to business men to reassure their staff. However, it is possible to unsettle a business by insisting that it employ staff when there is not necessarily a role for them and it might be difficult to afford them.

Steve Rotheram (Liverpool, Walton) (Lab): Will the hon. Gentleman give way?

Stephen Metcalfe: No I will not, I am afraid.

Responsible businesses have, and recognise that they have, a duty of care towards their employees and will often put their welfare before their own. They will not take decisions that would destabilise an existing business. As someone who has run my own business—and, unfortunately, had to let staff go—I know how difficult those decisions are to take and how painful they can be on both sides of the divide. Businesses do not want to take risks with the livelihood of those whom they already employ, so they may not hire additional staff unless absolutely they are sure that they are needed and affordable. Trying to downscale later could be costly and time-consuming, so they avoid the risk.

The proposals announced today might well help employers to make the decision to hire earlier, thus stimulating employment and growth, especially in small and medium-sized enterprises. If each one were to employ one additional member of staff, we would have an employment deficit. This will build on what has already been achieved in the last 18 months, with 500,000 new private sector jobs, more than 500,000 new businesses created, the manufacturing sector growing and our credit rating restored.

Labour Members would have us believe that they left us with some golden economic legacy, but nothing could be further from the truth. In the 13 years they were in power unemployment rose, workless households rose, and households where no one had ever worked more than doubled. Unfortunately, we also saw youth unemployment, which we all accept is a problem when it has risen to nearly 1 million. That is why I welcome the measures that the Government have brought forward, particularly in my own constituency, which has seen the number of apprenticeship places rise this year from 560 to 740.

The Opposition's plan B is not credible. It just means spending more money that we do not have, because they have spent it all. It means borrowing more, and hang the consequences. It means saying, "Hide the bills, stop opening the post, don't answer the door." Well, that will not work. When you are in a hole you must stop digging, but we are trying to climb out of the hole that we are in. The Opposition's solution means doing the equivalent of going to a payday lender to borrow and spend your way out of trouble. We all know what happens when people do that: they lose their credit rating, and that is a really serious problem which could cost this country many billions of pounds that it does not have.

3.29 pm

Roberta Blackman-Woods (City of Durham) (Lab): The audacity and complacency of Government Members is truly extraordinary, given the present state of the economy. The headline figures for UK economic growth are deeply worrying. Growth is flatlining, and it is becoming increasingly obvious to anyone with any sense that the Government's decision to cut too far and too fast is choking it off. We also know that growth began to stall before the effect of the eurozone crisis kicked in, and that even now the full impact of that crisis has not yet been felt.

Bill Esterson: The figures show that consumer and business confidence began to decline when the coalition Government were formed, at the time when the Prime Minister started talking about Britain being bankrupt. Was not the Prime Minister very unwise to make such comments?

Roberta Blackman-Woods: Indeed. We also know that as a consequence of Government policies—and according to independent forecasts—it is very likely that borrowing will have to increase. That is having devastating consequences. Unemployment is rising, particularly among the young, although women are also being disproportionately affected.

The headline figures should concern us, but what should also trouble us greatly is the uneven way in which the consequences of the Government's disastrous economic policies are being felt across the country. Once again the north-east seems to be bearing the brunt of the Conservatives' economic policies, but this time—and I hope that this point is not lost on the voters of the north-east—they have the collusion of the Liberal Democrats.

The current unemployment rate is 11.6% in the north-east, but only 6.3% in the south-east. Similarly, the claimant count is highest in the north-east and lowest in the south-east. As I have said, the situation is even worse for young people. In the north-east, unemployment among young people increased by 106.3% between January and October 2011, prompting real fears that the region would return to the economic dark times of the 1980s. Yet this dire situation is so unnecessary.

Contrary to what the Secretary of State said—it is unfortunate that he is not present, because I wanted him to hear this—in the north-east gross value added actually grew between 1989 and 2008, as did GVA per head of population. That was primarily because money channelled through the regional development agency One North East levered in £9 for every pound spent—much more than the national average—and skills levels also improved year on year.

Angela Smith: The first technology innovation centre, Sheffield's advanced manufacturing park, was established by a Labour Government through a regional development agency working with the private sector. Such arrangements have been criticised by Government Members, particularly Liberal Democrats.

Roberta Blackman-Woods: My hon. Friend has made an excellent point. It is interesting to note that before the general election, in my region at least, the Liberal Democrats were apparently in favour of regional development agencies.

David Mowat (Warrington South) (Con): Will the hon. Lady give way?

Roberta Blackman-Woods: I am sorry; I am running out of time.

We know that the RDA helped to invest in a new generation of advanced technologies with expanding markets around the world, which greatly helped growth in the north-east. Through industry, Government and university collaborations, a number of sectors were identified in which growth should be prioritised, including the processing and chemical industries, automotive and advanced manufacturing, and printable electronics. Those sectors, critically, were underpinned by centres of excellence supported by the regional development agency.

Did the incoming Government seek to build on that? No. What they did instead was get rid of One North East, although it had extensive support from businesses and the community in the north-east, and what we have in its place is the regional growth fund, about which I shall say more in a moment. The loss of the regional development agency led to a loss of expertise in regard to the sectors that needed to be developed in the north-east, and a loss of what was necessary to support that development. In great contrast, the regional growth fund not only has less money but is not strategic at all. I am very pleased that a number of north-east companies have benefited from the RGF, although the Secretary of State must address the fact that getting the money through to the companies is taking a long time.

Andrew Bridgen: Will the hon. Lady give way?

Roberta Blackman-Woods: No; I am sorry, but I am running out of time.

The RGF along with local enterprise partnerships and enterprise zones do not by any stretch of the imagination add up to an economic policy for growth for the north-east, or for anywhere else for that matter, because they are fragmented initiatives with no local coherence. The RGF will not help to narrow the north-south divide, either. As I have acknowledged, a number of companies in the north-east have benefited from the RGF, and according to the Government's own figures that will secure about 8,500 jobs, but in the same RGF round money went to the south-east to secure 30,000 jobs.

The north-east's problems are compounded by the fact that the RGF money is not a sufficient injection to the private sector to enable it to make up for the jobs that are being lost in the public sector. To put the figure of 8,500 jobs in context, last month alone

[Roberta Blackman-Woods]

unemployment in the north-east rose by 19,000. The Government must do more, therefore. In the past couple of weeks a number of independent commentators, including the North East chamber of commerce and PricewaterhouseCoopers, have said that the Government need to do more to support private sector development in the north-east, and our five-point plan for growth sets out a clear way for them to start supporting the economy.

3.37 pm

Guto Bebb (Aberconwy) (Con): I am grateful to have the opportunity to bring a Welsh perspective to this debate. The hon. Member for Streatham (Mr Umunna) is no longer in his place, but I must say that his speech was much more coherent than the Opposition's motion.

When considering economic growth across the entire United Kingdom, it is important to remember that there is a Labour Government in Wales, and we can compare and contrast what is happening in Wales with the positive steps the coalition Government are taking in supporting enterprise and private sector growth. Businesses in Wales are crying out for the enterprise zone idea to be implemented in Wales, yet we are still awaiting a coherent announcement from the Welsh Assembly. We in Wales have a Labour Minister for enterprise and the economy who has stated that she regrets capitalism. It is therefore no surprise that the Institute of Directors and other organisations have stated they feel that there is no partnership with the Labour Assembly Government and that Labour rejects, rather than embraces, the private sector.

Steve Rotheram: Does the hon. Gentleman not understand that there is a symbiotic relationship between the public and private sectors? If we cut one, the other bleeds. What is needed at present is a transfusion for the private sector, which is part of Labour's five-point plan.

Guto Bebb: If what we are seeing in Wales is an example of Labour economic thinking, I am very pleased that it is in opposition in the rest of the United Kingdom. The truth of the matter is that the Labour party in Wales has shown across the generations a failure to understand the importance of supporting enterprise.

Bill Esterson: Will the hon. Gentleman give way?

Guto Bebb: Not at the moment, as I wish to finish the point I am making. The valley communities in Wales have suffered extremely badly not just for 10 or 15 years, but over a period of 30, 40 and 50 years, and it is fair to point out that throughout that entire time they have, unfortunately, been electing Labour councillors, Labour MPs and Labour Assembly Members. There was a fantastic business support programme in the south Wales valleys called the heads of the valleys innovation programme. It was such a good programme that in 2010 it won the award for the most successful enterprise support programme in the entire United Kingdom. What did the Labour Administration in Cardiff do? They cut its funding, and that was the end of an organisation that had supported hundreds of businesses and protected more than 4,000 jobs in some of the most deprived communities in the United Kingdom. It was cut because it was supporting private enterprise, which the Labour party does not understand or embrace.

Despite the fact that the motion, in general, is incoherent, I want to follow up a few points. In my constituency, we are extremely dependent on tourism, which is a major driver of growth in north Wales. It is imperative, in my view, that that sector is supported. I should point out that under pressure the Welsh Assembly has finally acknowledged that the sector deserves support, but initially the Welsh Assembly Government stated that tourism deserved no support whatsoever.

My concern about tourism is that as a coalition Government we stress the need to create a competitive tax regime for our businesses but in Europe other countries are significantly reducing VAT on tourism. It is important that we have a level playing field and I ask the Secretary of State to consider discussing the issue with the Treasury to ensure that tourism in Wales can benefit from similar VAT rates to those in other parts of Europe, including Ireland and France. There are reports to which I have access that state that the multiplier effect of making such cuts would be financially beneficial to the Treasury.

The other issue that is imperative for growth in the economy is support for small businesses. It is all very well to say that there will be a cut in the corporation tax rate, but most of the new start-up businesses that are creating real employment in my constituency will be sole traders and partnerships. Obviously, they will benefit from the increase in personal allowances, but a key issue that creates a problem for them is the VAT registration threshold. Nobody denies that the UK has a very high VAT registration threshold at £73,000, but that is not my complaint. As businesses grow and start to reach the threshold, they find themselves on a cliff edge. If they go over that level, they have to register for VAT and lose a significant part of their profitability. We need to reconsider the VAT threshold to support small businesses.

I understand that we are running out of time in the debate, so I shall leave that issue with the Secretary of State. To support small businesses in my constituency, we need to consider the VAT threshold and how it interacts with profitability.

3.42 pm

Mr Gordon Marsden (Blackpool South) (Lab): I thank all those who have participated in today's debate. On this side, we heard sparkling presentations from my hon. Friends the Members for Ochil and South Perthshire (Gordon Banks), for Ellesmere Port and Neston (Andrew Miller), for Mitcham and Morden (Siobhain McDonagh) and for City of Durham (Roberta Blackman-Woods). We heard interesting contributions from Members on the other side of the House, too, including a speech from the hon. Member for Solihull (Lorely Burt), who appears to give our five-point plan two out of five, and a particularly stimulating speech from the hon. Member for Bedford (Richard Fuller)—I do not think, however, that it will put him on the Secretary of State's Christmas card list.

It is clear that for businesses, councils and communities across England, this has been a wasted and frustrated year for growth in England's regions under the Department's watch. It has been a wasted and frustrated year for the

entrepreneurs and communities who have found their ability to grow and innovate stifled through the Department's inability to present a coherent framework for growth or to stand up for their interests against other Government Departments. In all three key areas that are vital to growth—supporting the local enterprise partnerships, making the regional growth fund work properly and securing regeneration funding from Europe—the Department has been weighed in the balance and found wanting. Time and again, the Department has failed to be the Department for growth.

As long ago as last September, the Minister of State, the hon. Member for Hertford and Stortford (Mr Prisk), felt the need to write to the Secretary of State to warn of the icebergs ahead. He listed the organisations that were anxious about the way the LEPs were being set up and the failure to make them more sufficiently business-orientated and he ended by warning that

"the danger is that the CBI and others become detached from this policy heralding likely failure in large parts of England".

Who can forget that the Secretary of State himself famously described the process as Maoist and chaotic, while the former CBI director general, Richard Lambert, simply confined himself to saying that it was a shambles?

That should come as no surprise given that in June 2010 the Secretary of State went to the Northwest RDA, praised the work that it and other agencies had done and gave them assurances, only to have to confirm their abolition two weeks later after he lost the argument with the Chancellor, who wanted them axed. It was an early example of the loss of authority and dismemberment of decision making that his Department has endured ever since. BIS Ministers allowed a decade's worth of expertise and local know-how to be lost almost overnight. Experienced RDA staff were let go before the LEPs were up and running and at the very time when they could have provided crucial assistance.

No wonder that even the Government's growth tsar, Lord Heseltine, who heads up the regional growth fund, has come out and said that their hasty abolition of RDAs was a mistake. Not the least of the errors was the fact that this swept away all the informal architecture and channels of connection between business, further education, higher education and small employers that had been built up to boost growth in the English regions. We saw the cost of their hasty abolition when Pfizer announced the closure of its Sandwich plant in February. The South East England Development Agency had previously been able to act swiftly with a task force to help those affected to find jobs, but this time the Government failed to use that RDA even though it still had some people in post who could have given advice.

David Mowat: Will the hon. Gentleman give way?

Mr Marsden: No, I will not because there is not time.

The Government failed to put Sandwich in the initial list of enterprise zones or to approve any of Kent's first-round RGF bids. We saw the same pattern of help being denied initially and then an enterprise zone being hastily cobbled together when disaster struck at Derby with Bombardier and with BAE at Warton and Samlesbury. The Department is behind the curve and out of touch with events on the ground.

Back in February, the Labour Front-Bench team made six proposals to support LEPs, such as giving them first refusal on assets, providing them with start-up funding, giving them powers over skills funding, allowing them to form larger groups for infrastructure projects and giving them a central role in the delivery of funding from the European regional development fund. The Government's response, however, was to block them from receiving assets or even acquiring them by deferred payment. It was only the broad support across a whole host of business organisations for our direction of travel that pushed the Government into a climbdown over their proposed fire sale of RDA assets.

The Government have given only limited seedcorn funding to LEPs—about £6 million for 40. That remains inadequate and the future of LEPs, especially for those without enterprise zones as growth vehicles, remains fragile. The Government have also failed to address other key measures that would empower LEPs and give them the tools to do their job—despite repeated calls for the LEPs to be given more powers. As has been warned by the Federation of Small Businesses and, more recently, Centre for Cities in its report, the Government need to get a grip of underperforming LEPs before it is too late. There are real fears that entrepreneurs and local businesses in LEPs will simply walk away if they simply become talking shops—as the Forum of Private Business has warned in its briefing today.

We have always argued on principle that money intended for the regions should remain in the regions. That is the stark contrast between our real localism and the Government's sham localism. They preach localism but when they had the chance to give LEPs additional powers in the Localism Bill they funked it. As growth in the economy has flatlined, the Department for Business, Innovation and Skills has become progressively enfeebled as it has lost turf battles to the Department for Communities and Local Government and the Treasury.

The Department for Business, Innovation and Skills still protests that the regional growth fund will save the day but, as my hon. Friend the shadow Secretary of State has so forensically detailed, there is no more fitting emblem for its failures than the regional growth fund. Right from the start, the Department's grasp on the fund has been feeble and flawed. In rounds one and two it was hopelessly oversubscribed, but the only response of the Minister of State was "That's life". Well, he should tell that to the consortia and to businesses. He should tell it to those who have had to wait an age for the cheque in the post. No wonder Andrew Neil said so memorably on "Daily Politics" to the Secretary of State for Environment, Food and Rural Affairs, "The £1.4 billion fund has so far disbursed £5.8 million. Why is your Government so useless?" How many people does the Department have working on round two? The answer that was dragged out of them through parliamentary questions was that there are only 11 full-time staff working on the fund. We can do the maths ourselves. How long will it take 11 people to work through the 119 successful bids to the second round?

Small and medium-sized enterprises, which are a key element in growth across the regions, find themselves short-changed and unrepresented on a number of the boards. They are frozen out by the Government's thresholds of £1 million minimum on RGF funding and £5 million on the business growth fund. No wonder there is such frustration. What is more, the growth fund seems to

[Mr Marsden]

have hardly any regional input. All the decisions are being micro-managed by Whitehall civil servants. There is no regional consultation or input and no sign that local offices will play a meaningful role in the process. With the propriety of some of their decisions called into account, the Government have pulled down the shutters on the detailed parliamentary questions that we have tabled about the process and the conflicts of interests on the advisory panel. That is not surprising, as BIS presides over a scheme into which it does not put a penny. Despite proclaiming, as he has done again today, the number of jobs that will be created, the Secretary of State has admitted that they are merely going on their own estimates.

Despite the money that the Department for Transport has put into the growth fund, the fund has failed to look at new public transport projects or build on the importance of travel-to-work areas. The Government have abandoned the active industrial policy that, in our last years in office, we pursued, and that led to the successful carbon strategy pursued by One North East. Ministers from the Department for Business, Innovation and Skills should have done everything in their power to unlock the European funding that did so much good and boosted jobs and growth across the regions, but in this, as in other areas, they have been sidelined.

Why have the Government produced the Growing Places fund like a rabbit out of a hat? Is it because even the Chancellor and the Secretary of State for Communities and Local Government have given up on the Department for Business, Innovation and Skills? Once again, there will be no BIS input in the process—only tanks on its lawn from the Secretary of State for Communities and Local Government.

England's regions are full of people with ambitions and ideas about how to bring growth to their area, but the indecision and powerlessness shown by the BIS ministerial team has short-changed them and failed to rebalance our economy or provide a plan for growth. They have failed to stand up for the needs of local businesses, whether it is small towns in Kent or former industrial areas in the north-east. They have gone too far, too fast, in scrapping the regional development agencies and their collaborative structures, and become mangled in lost turf wars with CLG and the Treasury. They are like a rabbit caught in the headlights, petrified of the markets, but there are positive things that could be done for the fight. Roosevelt famously said that there is nothing to fear but "fear itself", and Lincoln said that when the

> "occasion is piled high with difficulty...we must rise high with the occasion. As our case is new, so we must think anew, and act anew."

The Opposition understand that, which is we have a five-point plan for growth. We understand that young people across England's regions are crying out for the opportunities that our national insurance changes will provide by enabling us to build affordable homes and reduce VAT to 5% on repairs. We understand the need for an industrial strategy, and we understand the need for new ideas, and then, by thinking anew and acting anew, we will save our country.

3.52 pm

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): First, the previous Government inherited a boom, and then they bequeathed a bust and a massive deficit, so our top priority must be to deal with the consequences of that and keep out of the downward spiral into which countries such as Greece and Italy have fallen.

As my hon. Friends the Members for Bedford (Richard Fuller), for Solihull (Lorely Burt), for South Basildon and East Thurrock (Stephen Metcalfe), and for Aberconwy (Guto Bebb) have argued, more than ever we need a plan to give confidence to markets, businesses and our people. This debate was introduced by the shadow Secretary of State, the hon. Member for Streatham (Mr Umunna). It was his first major outing, and I thought that his speech was fair. It was better on structure than on presentation—but then again, I suppose the 11 advisers write the speeches; they do not deliver them. *[Interruption.]* No, I am a fan of the hon. Gentleman. It has become orthodox to say that he has been over-promoted, but I think that that is a welcome change from the self-promotion that has characterised his career so far. We can therefore be grateful that he is at the Dispatch Box, as he predicted he would be for so long.

The problem with the hon. Gentleman and other Opposition Members—in fairness, we heard some good speeches from them—is that they still refuse to acknowledge that reducing the deficit is central to any credible plan. We only have to look at the continuing crisis on the continent to see what would happen if we do not do so. To be analytical about it, the hon. Gentleman made a speech about cyclical problems in a structural context. The issues around debt and deficit in this country are structural, and they will not be solved by cyclical solutions.

Mr Umunna: The Minister seeks to give me a lecture on reducing the deficit. Can he explain why, as I asked the Secretary of State earlier, in the average of the independent forecasts, his Government are forecast to borrow more in every remaining year of this Parliament than we were under our more responsible deficit reduction strategy?

Mr Hayes: That was the ponderous exaltation of a basic economic fact: when tax yields fall because there is less growth than expected, and welfare payments go up, of course that is a result, but it is not a reason not to have a credible fiscal policy. The hon. Gentleman remains in denial, just as the shadow Chancellor remains in denial, but the OECD—

Mr Bailey *rose—*

Mr Hayes: I am sorry, I will not give way. I usually do but I do not have time.

The OECD says that we have a £37 billion structural deficit and that it is the largest in the G7. It is not just about the Government debt. The hon. Member for Streatham must know that if we look at debt as a whole, we have the largest debt as a proportion of GDP in the developed world, with the exception of Japan.

Gordon Banks *rose—*

Mr Hayes: No, I will not give way again. Time does not allow.

So, the first thing we have to do is deal with the deficit. The second thing, as the Secretary of State said in his penetrating analysis of this weak motion, is to rebalance our economy in favour of making things, selling them and exporting them. That means an investment in human capital as well as in infrastructure. That is why we have put so much emphasis on apprenticeships.

I noticed that, sensibly, neither the proposer of the motion, the hon. Member for Streatham, nor the hon. Member for Blackpool South (Mr Marsden), who summed up and who has rather sensible views about these things for the most part, attacked our apprenticeships policy. They know that we have delivered the biggest growth in apprenticeships in modern history. They know that across regions and across sectors, we have shown growth in apprenticeship numbers. There is a great deal of discussion about this so let us get the facts on the record.

Apprenticeships among 19 to 24-year-olds have grown by 64% in two years, and among 16 to 18-year-olds by 29% in two years. They have grown even more among over-25-year-olds, but the biggest proportion of growth has been at level 3. It has been across sectors and across regions. The biggest regional growth—I say this to the hon. Member for City of Durham (Roberta Blackman-Woods)—has been in the north-east.

The third element of the strategy must be to deal with tax, cut red tape and bureaucracy, and support businesses to create jobs and fuel growth. Much has been said about what the Government have done in that respect. It is true that we have launched the growth and innovation fund, which is supporting life sciences, the creative industries, the hospitality industry and others. It is also true that the regional growth fund is doing that job as well. In the first phase the regional growth fund will support 50 projects and ultimately more than 150 projects. That will leverage more than £8 billion of private sector investment to create or safeguard more than 300,000 jobs. That is the simple fact of the matter.

Labour does not have a credible alternative. The Opposition's five-point plan is rooted in a denial about deficit which would undermine confidence in business and in the markets, push up interest rates and do lasting damage to Britain. The Labour party inherited a boom. Its legacy was a bust.

The shadow Chancellor is not present, but his fingerprints are on the motion once again. He said recently that he cries at "The Sound of Music" and "Antiques Roadshow". We all wondered why "Antiques Roadshow". I will tell the House: he is wedded to the idea of an over-valued, tired out, worn out old Cabinet, and it is the one that he was in. The previous Government and current Opposition would be better taking advice from a singing nun than from the shadow Chancellor or the hon. Member for Streatham.

I urge the House to choose between the past and the future, between despair and hope, between fantasy and reality, and vote for hopeful reality by opposing the motion.

Question put.

The House divided: Ayes 236, Noes 304.

Division No. 399] **[3.59 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Elman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Irranca-Davies, Huw
Jackson, Glenda
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony

Llwyd, rh Mr Elfyn
Love, Mr Andrew
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Robertson, Angus
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Jonathan Ashworth and Phil Wilson

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brooke, Annette
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan Smith, rh Mr Iain
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Griffiths, Andrew
Gummer, Ben
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Leadsom, Andrea
Lee, Jessica
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim

Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McPartland, Stephen
McVey, Esther
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Prisk, Mr Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Shelbrooke, Alec
Shepherd, Mr Richard
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Jeremy Wright and
Mr Philip Dunne

Question accordingly negatived.

Madam Deputy Speaker (Dawn Primarolo): I now have to announce the result of a Division deferred from a previous day. On the motion relating to Schengen governance, the Ayes were 461 and the Noes were 23, so the Question was agreed to.

[The Division list is published at the end of today's debates.]

Solar Power (Feed-in Tariff)

Madam Deputy Speaker (Dawn Primarolo): I have to inform the House that Mr Speaker has selected the amendment in the name of the Prime Minister. Before we start the debate, I also have to inform the House that some 28 Members wish to participate, so we will need some adherence to the time limits, which Members will see is five minutes for Back-Bench speeches.

4.16 pm

Caroline Flint (Don Valley) (Lab): I beg to move,

That this House believes that solar power gives families, community organisations and businesses greater control over their energy bills and will help the UK meet its renewable energy targets and reduce carbon emissions; notes that since the creation of the feed-in tariffs scheme under the last administration, introduced with cross-party support, nearly 90,000 solar installations have been completed in the UK and the number of people employed in the solar industry has increased from 3,000 to 25,000; believes that the Government's cuts to feed-in tariffs go too far, too fast, will hit jobs and growth in the solar industry, undermine confidence in the Green Deal and deter investment in the wider green economy; regrets that the cuts to feed-in tariffs were announced with just six weeks' notice and come into force before the consultation has even finished; further regrets that the Government's plans would exclude nearly nine out of ten households from installing solar power under the feed-in tariffs scheme, will disproportionately hit social housing and community projects, and could affect thousands of households which have already installed solar power; and calls on the Government urgently to withdraw the 12 December 2011 deadline and bring forward more measured proposals that guarantee the continued growth of the solar industry, put feed-in tariffs on a sustainable footing and are fair to the public.

Exactly a year ago today, in a speech to the Micropower Council, the Minister of State, Department of Energy and Climate Change, the hon. Member for Bexhill and Battle (Gregory Barker), lauded the feed-in tariff scheme. He said:

"The coalition is absolutely committed to FITs...I have been really encouraged by the positive response that the FITs scheme has received since its introduction in April and hope this will continue. It's still early days but early indications show that the scheme is working well".

Well, they say a week is a long time in politics, but a year is obviously an eternity. However, at least the Minister is not on his own today, and we are glad to see the Secretary of State in his place. We all remember his famous energy summit, which went so well he decided to do a disappearing act. When his Department announced these cuts to feed-in tariffs, first, it tried to sneak them out in a written statement. Then, when I secured an urgent question, he sent his junior Minister to take the flack instead. Anyone would think he was trying to avoid me, or perhaps the Secretary of State is just very good at not getting caught at the crime scene. Either way, his fingerprints are all over this one.

Although talk of feed-in tariffs might sound technical, their impact could not be more real. Some 25,000 jobs are on the line. Thousands of businesses are at risk and tens of thousands of people who have already installed solar could still lose out. Millions more have been excluded from having solar under the Government's new rules and have been denied the chance to control their energy bills. That is all because we have a Government who are out of touch, cutting too far and too fast, with no plans for jobs and growth.

Bob Russell (Colchester) (LD): Will the right hon. Lady give way?

Caroline Flint: I will make some progress because a lot of people want to speak in this debate.

At the outset, let me deal with a few of the myths that the Government have desperately resorted to peddling in defence of their plans and that appear in their motion today. The first and most bizarre is the idea that we were opposed to the introduction of feed-in tariffs and that somehow the Tories and the Liberal Democrats introduced them. It takes some audacity to try to claim credit for a scheme that was enacted, introduced and came into force under the previous Labour Government, but to try to take credit for a scheme that they are scrapping really takes the biscuit. The record will show that while Labour began this growth industry, the Government's policies have all but killed it in its infancy.

The second myth is the Government's claim that the reason they are cutting the tariff level is that they are worried about energy bills.

The Secretary of State for Energy and Climate Change (Chris Huhne) *rose—*

Caroline Flint: I will give way to the right hon. Gentleman in a moment. This from a Government who have cut help for more than 12 million pensioners with their heating bills this winter and who have stood back and done absolutely nothing as customers' bills have soared and energy companies' profits have rocketed.

If the Secretary of State really wants to talk about energy bills, I will tell him a thing or two. Let us start with how much the average annual energy bill costs under this Government—£1,345—and how much feed-in tariffs cost the public. From what the Government have said, one might think that this is costing us all hundreds of pounds a year, but it is not. Is it perhaps £50 a year, or £20, or even £10? No, the actual figure, according to the independent regulator, Ofgem, is less than £1 per household per year—less than £1 at a time when the average energy bill stands at £1,345, when pensioners are seeing their winter fuel payments cut by £50 or more, and when standard tariffs are up by £175 only since June. Labour and I will not take any lectures on energy prices from this Government.

Chris Huhne *rose—*

Caroline Flint: If the Secretary of State really wants a debate about this, let us start one.

Chris Huhne: There was only ever one vote in the House of Commons on feed-in tariffs, in April 2008, when the right hon. Lady voted against. What has made her change her mind?

Caroline Flint: There was an amendment tabled by the former Labour Member, Alan Simpson. My right hon. Friend the Member for Croydon North (Malcolm Wicks) said at the time:

"I sympathise with, and fully support, people's yearning for appropriate incentives to encourage the faster take-up of microgeneration."—[*Official Report*, 30 April 2008; Vol. 475, c. 393.]

He told my hon. Friend and the House that he wanted to go away and look at what could be possible. On 5 November in the same year, the Labour Government tabled an amendment in the House of Lords that paved

the way for the scheme that we have today. We do not need any lectures by the Secretary of State on who created the opportunity for feed-in tariffs in this country—it was the Labour Government.

Mark Tami (Alyn and Deeside) (Lab): Companies such as Sharp in Wrexham have expanded and employed more people because they believed the Government on feed-in tariffs, only to find that they have pulled the plug.

Caroline Flint: My hon. Friend makes a good point about the damage that has already been done to many businesses around the country. I will come to his point about the impact not only on insulations but on manufacturing in Great Britain.

We are happy to have a debate about why the Government are cutting help for pensioners this winter, when they need it more than ever, and about why this Government have stood back and allowed the big six to increase their profit margins to record levels while energy bills have soared, but let us also have a debate about why this Government have failed to stand up to vested interests in the energy industry and failed to reform our market.

Let us not pretend that the Government's approach to today's debate is about some new-found concern for bill payers. However much Ministers like to claim feed-in tariffs cost the public, when 25,000 people lose their jobs—*[Interruption.]* Government Members might not like to hear this, but people may be laid off this Christmas as a result of an ill-thought-through strategy. When 25,000 people lose their jobs, when the Treasury loses the taxes and national insurance they pay, and when we have to pay out unemployment benefit, the costs will be a lot higher. This Government would rather pay people to be on the dole than support an industry of the future.

Andrew George (St Ives) (LD): I think we all accept that this is an extremely difficult issue to resolve. Given that the right hon. Lady is advancing the case that the Government are making the wrong decision, by how much is she prepared to see bills rise in order to sustain the tariff at the current level and in line with the level of income for people with solar PV?

Caroline Flint: I respect the fact that the hon. Gentleman has probably raised concerns about how his coalition Ministers have approached this issue. As I said, according to Ofgem, we are talking about less than £1 on people's annual bills. What we said in our urgent question and have proposed in the motion is that we need to work to see how we can change the scheme as it moves forward, but in a sustainable way. The problem is that we have not had a chance to have this debate because the hon. Gentleman's Ministers, in his Government, have chosen to set a cut-off date of 12 December even though they are still consulting until 23 December. When answering the questions about how we have got to where we are today, they have more to answer for than us.

Myth No. 3 is that the scheme would run out of money if it carried on as it is. In the past few weeks, I have spoken to a lot of people in the solar industry. I have yet to find a single person who argues that the scheme should carry on unchanged. I am sure that that has come across in the lobbying of Members on both sides of the House. Not even the industry is calling for that. It wants planned, sensible reductions in tariffs. That is exactly what we would have done. When we introduced the scheme in 2010, we made it clear that there would be a review in 2013, or earlier if needed, to look at tariff levels and whether the scheme was delivering value for money.

Let us get serious. We have a cut of more than 50% with just six weeks' notice. Is that reasonable? Is that fair? Is that sustainable? I suggest that it is not. To make matters worse, the first that the industry heard of it was when it was summoned to the Department after the announcement had been made.

Frankly, the only reason that feed-in tariffs need reform is that this Government have managed the scheme so badly since coming to power. It is no good blaming us. Before the election, Conservative and Liberal Democrat Members accused us of lacking ambition. They said that what we set up did not go far enough. The Conservative party said that feed-in tariffs should be paid to solar installed before April 2010 and that it would raise the capacity threshold for qualifying schemes from 5 MW to 10 MW. The position of the Liberal Democrats was also clear. Far from saying that our scheme was too generous, they wanted it to be more generous. Their spokesman at the time, the right hon. Member for Bermondsey and Old Southwark (Simon Hughes), said:

"Labour's plans are too little too late."

I tried to speak to him on Monday to confirm that that was still his position, but he spurned my advances. We wait to see whether he will join us in the Lobby this evening.

The fourth myth is that if we did not implement the Government's cuts, solar power would be available only to the lucky few. However, it is the Secretary of State's cuts that will exclude nearly nine out of 10 households from having solar power. It is his cuts that will prevent families living in social housing from having solar power. It is his cuts that will once again make solar power the preserve of the wealthy few.

Kate Hoey (Vauxhall) (Lab): Perhaps my right hon. Friend might like to tell Members who do not have any of these companies in their constituency or who do not understand this issue that they might like to walk five minutes from here across Westminster bridge and along Lower Marsh to visit Solar Century in my constituency. A large number of people there will be out of work precisely because of what the Government are doing.

Caroline Flint: I was pleased to take the opportunity to go to Solar Century on Monday with my right hon. Friend the Leader of the Opposition. It was very similar to the firm that I visited in Glasgow the other week with my hon. Friend the Member for Rutherglen and Hamilton West (Tom Greatrex). It is a company that employs young graduate engineers and other skilled people. It has links with small businesses and contractors around the country, including installers and fitters. Some people who had been working on the digital switchover have been trained up to do this work. There is a chain of despair and destruction throughout our country as a result of these proposals.

Huw Irranca-Davies (Ogmore) (Lab): Will my right hon. Friend expand on that point, because this proposal has affected not only the solar industry, but general confidence in the Government's handling of the renewables sector? I spent an interesting evening yesterday speaking in depth with farmers who are concerned about the handling of this matter and about its impact on confidence in the anaerobic digestion sector, the biomass sector and so on. They do not trust this Government any more and they never will.

Caroline Flint: That is an important point. Some people say to me, "Caroline, this is all just about solar." I say, "No it isn't. It is actually about confidence, about the direction of travel and about being able to rely on the goalposts not being moved on a whim to effect some crazy policy dreamed up by these coalition Ministers." What Ministers are doing is destroying this growing industry.

Interestingly, some of the social housing projects that have been brought to my attention wanted to put solar panels on the roofs of some of their properties, but they were also looking to use some of the gain from the tariff for other energy efficiency schemes, so the tariff would also have provided benefits beyond using solar power.

On Monday Solar Century brought it to my attention that it knew of a number of farmers who were interested in establishing solar. They were not thinking of solar farms, which caused some concern last year; they just wanted to generate energy to run their farms. They are now rethinking and cancelling their plans. That is not good enough.

Laura Sandys (South Thanet) (Con): The mixed energy economy will include all renewables. Is it sensible or sustainable to subsidise solar at twice the rate of offshore wind? We have lacked an energy strategy for 13 years. At least we have now got ourselves in gear and there is a clear path ahead.

Caroline Flint: We are talking about things that are on totally different scales. Solar is pretty much for small businesses and communities. Of course we want a diverse mix, but the solar industry in our country—I will come to myth No. 5 in a moment—is 3% the size of Germany's. Our industry is a baby in terms of what we need for the future and what we need from other energy sources. The Opposition will work consensually to tackle climate change and reduce our carbon emissions, but we cannot stand by when idiotic proposals are made that will strangle a growing industry at birth. That is just not good enough.

Several hon. Members *rose—*

Caroline Flint: I shall make a little more progress before giving way.

Myth No. 5 is the idea that the Government's plans are just like what has happened in Germany. Nothing could be further from the truth. The German Government invested €6.5 billion in solar last year; we are investing £860 million over four years. Germany has installed half the solar panels in the world and supports 250,000 jobs in solar; we have installed just 90,000 panels and have only one tenth of the jobs. This year the tariff for solar power in Germany was cut by 15%, in agreement with industry and only after installation levels reached a fixed benchmark: here the Government have announced a cut of more than 50%, with no proper consultation and only six weeks' notice, which will take our solar tariff below that of Germany.

None of the Government's excuses will wash, because the truth is that their cuts to the feed-in tariff for solar power are a triple whammy. They are bad for jobs and growth, bad for the public and bad for the environment.

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The right hon. Lady is right to say that the German Government are reducing the tariff by a much smaller amount. In January they are reducing it by about 15%, but they are reducing it to €0.24, which is almost exactly equivalent to the 21p tariff that the Government propose. They are reducing the tariff to the same level as ours.

Caroline Flint: Dearie me! The Germans have been planning how to staircase down their tariffs for years. They have a mature industry that is the world leader. We are not in that ballpark. That is why we must ensure that we do not strangle our industry at birth.

The cuts are bad for jobs and growth, bad for the public and bad for the environment. When growth is flatlining and unemployment rising, solar is one industry that is growing and creating jobs. When the previous Government introduced feed-in tariffs, just 3,000 people were working in 450 firms; today more than 25,000 people work in 3,000 companies. By 2020, as many as 360,000 people could be working in solar—but not if the Government's cuts go ahead. Be in no doubt that the Government's current plans will strangle the solar industry and cost thousands, if not tens of thousands, of jobs.

A survey conducted by the Renewable Energy Association and the Solar Trade Association earlier this month forecast in excess of 10,000 job losses. Fifty-seven per cent. of companies anticipate having to lay off at least half their current staff, a third are worried that their business will be forced to close altogether, and fewer than one in six are confident that they can weather the changes. That is the reality.

John Healey (Wentworth and Dearne) (Lab): Is the Minister not missing the point about the comparison with Germany? The purpose of the tariffs in this country is to build up our industry and get it up and running, but cuts on this scale at this pace risk throwing the industry into reverse. Those production and new design skills that my right hon. Friend mentioned will be lost at a time when the Government should be helping to cut fuel bills for householders and cut the country's reliance on fossil fuels.

Caroline Flint: I can add nothing to my right hon. Friend's comments, except to say that there is another organisation that agrees with him—the CBI.

The Government claim, on page 2 of their impact assessment, that they can slash the solar industry by anything between 70% and 95% and still, as page 26 claims, increase the number of people working in it by up to 10,000. As someone I met at the lobby of Parliament

yesterday put it, the Government may think that they can get full employment by shrinking the economy, but month after month we see that their plans are hurting but not working. We knew that the Government were out of touch, but today we see that they have lost the plot.

Richard Graham (Gloucester) (Con): I am grateful to the right hon. Lady for eventually giving way. It was she who said only one month ago:

"The Government do not understand the reality for families who struggle to pay the bills at the end of the month".—[*Official Report*, 19 October 2011; Vol. 533, c. 937.]

Does she agree that today's debate is not about whether we support solar power, which we are all in favour of, but about the cost of the subsidies for solar—a small-scale industry—which will cost families about £26 a month extra by 2020? Would that not be an unreasonable cost on hard-pressed families?

Caroline Flint: I am afraid that the hon. Gentleman has neither read his brief nor sought other views. Ofgem, the independent regulator, made it absolutely clear that the feed-in tariffs cost less than £1 a year per household. The bigger problem is how prices have been put up while energy companies are making exorbitant profits, and while this Government are cutting the support available to people this winter. That is a price debate that I would like to have. The hon. Gentleman's comments imply that he is in favour of those businesses going under, of social housing not having solar panels, and of this industry not even getting out of the cradle. That is rich coming from a party that prides itself on being the small business champion.

Nic Dakin (Scunthorpe) (Lab): Does my right hon. Friend agree with a constituent of mine, Mr Robert Borrill, who described the Government's decision as devastating, especially given that people have entered into commitments? Even those who have entered into financial commitments now will be penalised because of the six-week period. Surely, at the very least, the Government should consider that.

Caroline Flint: I absolutely agree, and I will come to that point later, because it is a travesty that the cut-off date has been set two weeks before the consultation finishes.

Several hon. Members *rose*—

Caroline Flint: I want to make some progress, because I am conscious of time and lots of people want to speak.

For every job in the solar industry, many more in the supply chain are also at risk. According to the Minister's colleagues in the Department for Business, Innovation and Skills, the solar industry and its supply chain employ about 39,000 people and resulted in nearly £5 billion of sales last year. All of that is in jeopardy. Sharp Solar, which was mentioned by my hon. Friend the Member for Alyn and Deeside (Mark Tami) and which is in the constituency of my hon. Friend the Member for Wrexham (Ian Lucas), currently employs about 500 people at its plant manufacturing solar panels. It is now warning that because of these cuts it is reviewing its presence in the UK, putting hundreds of jobs on the line. Given that we need to invest up to £200 billion in our energy infrastructure in the next 10 years, how can anyone have confidence in a Government who are so short-sighted that with just six weeks' notice they are killing off a flagship policy that has cross-party support?

Gregory Barker: Before the right hon. Lady scaremongers any further, may I confirm that I spoke to the European head of sales at Sharp yesterday, and it has no plans to close its UK plant? It remains an important centre of European manufacturing.

Caroline Flint: Such companies are worried about the policies on the table, and they will be waiting with bated breath to see what happens. There are containers full of panels on our docksides all round the country not being used because sales orders are being affected by the Government's policies.

Since we introduced feed-in tariffs nearly 90,000 families have benefited. That has helped those who want to do the right thing and green their homes, while also trying to protect themselves from soaring energy bills. However, under the Government's plans nearly nine out of 10 households in England will be excluded from solar power and denied the chance to get just a little more control over their energy bills. That is because properties will be eligible for feed-in tariffs only if they have a minimum energy performance rating of C or above.

Andrew Bridgen (North West Leicestershire) (Con): Will the right hon. Lady give way?

Caroline Flint: No, I will not give way.

However, the most recent estimate showed that 86% of properties in England had an energy efficiency rating of D or below. Those households will be excluded from solar power. The Government's plans are unfair, too, not least because they could hit people who have already installed solar power. In fact, the cuts could hit people who installed solar power before the Government even announced the changes. That is the problem with a six-week deadline, when it takes up to seven weeks to get a solar installation on the FITs register. Those people are going to lose out. In answer to a parliamentary question the Minister of State, the hon. Member for Bexhill and Battle, said:

"We recognise though that some prospective FITs generators who have incurred or committed expenditure may not be able to complete their installations and submit their applications for FITs before the proposed reference date."—[*Official Report*, 10 November 2011; Vol. 535, c. 409W.]

What the Minister calls "prospective FITs generators" are people—thousands of them—who have already installed solar, but not yet registered. They will be caught up in a mess entirely of the Government's making. They include, for example, the pensioners who wrote to me telling me that they had invested their savings in solar power to try to get their heating bills down and give themselves a little income in their retirement.

By cutting the tariff by an additional 20% for councils, housing associations and community groups, on top of the 50% cut, the Government's changes will all but end solar power for social housing. Across the country, from Cambridge to Wrexham, Torbay to Leeds, Reading to Haringey, councils are already scrapping their solar plans; and last week it happened in Doncaster, too. As a result, those councils are forgoing funds that they could have invested—and that they planned to invest—in other energy efficiency measures for their tenants.

[Caroline Flint]

All Governments get accused of not listening, but it takes a special kind of arrogance—not to mention a healthy dose of incompetence—to launch a consultation that is half the normal length and closes after the cuts on which it is consulting come into force. What happens when the consultation closes on 23 December and all the responses tell the Government that their cuts go too far, too fast, and will kill the solar industry? What happens to all the projects that have already been scaled back or scrapped altogether? What happens to all the families who have already decided to cancel their solar installation? What happens to all the firms that have had to lay off their staff—to all the engineers, technicians and installation teams who have lost their jobs before Christmas? What happens to them? What all this says is that the Government do not care what anybody thinks; and what it shows is that they are completely out of touch.

When the economy is flatlining, unemployment is rising and even the Prime Minister admits that his plan is failing, what sort of Government choose to kill an industry that is growing and creating jobs? When energy prices are at record levels and millions of families are struggling with their bills, what sort of Government choose to exclude nine out of 10 households and everyone in social housing from installing solar to cut their bills? When Ministers are flying halfway around the world to Durban next week to try and reach an agreement on climate change, what sort of Government choose to cut back on policies that will increase our supply of renewable energy and reduce our carbon emissions?

From the CBI, the Mayor of London and the man who installed the Prime Minister's solar panels, all the way to the Welsh Liberal Democrats and Friends of the Earth, everyone is backing our campaign and telling the Government that they have got this badly wrong. Today we have come to a crossroads. Much damage has already been done. Many projects have been ditched. Confidence has been dented, with future investment possibly lost for good. However, we can step back from the brink. We can put feed-in tariffs on a sustainable footing, in a way that is fair to the public and which secures the future of one of our brightest industries. Today I call on all hon. Members to support our motion—to tell the Government to scrap their 12 December deadline, to stand up for an industry that is growing and creating jobs, and to stand up for people who want to do the right thing and protect themselves from rising bills. I commend this motion to the House.

4.44 pm

The Secretary of State for Energy and Climate Change (Chris Huhne): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"notes that the previous administration only introduced a feed-in tariffs scheme following pressure from Liberal Democrat and Conservative hon. Members; further notes that during the period up to October 2011 over 120,000 UK solar installations had been completed; further notes that this is three times the deployment expected by the previous administration; recognises that no commercial-scale solar PV schemes were expected by the previous administration; further notes that the cost of PV panels has fallen by at least 30 per cent. since the current tariff was introduced and that the previous administration set the tariff levels for solar PV to deliver a five per cent. index-linked return; regrets that the previous administration did not draw on the experiences of Germany in setting a sustainable and predictable digression of tariffs; further notes that failing to act could add £26 to the domestic electricity bill of all consumers in 2020 including the 5.5 million people left in fuel poverty by the previous administration; further regrets that the previous administration did not introduce a community tariff; believes that the Government is right to bring the tariff levels back in line with the rates of return envisaged; acknowledges that it is right to link support under feed-in tariffs to energy efficiency and the Green Deal ensuring the most cost-effective carbon abatement measures are introduced first; supports a consultation on the introduction of a community tariff; and further believes that the Government is putting feed-in tariffs on a long-term, fair and sustainable footing."

We find ourselves here to debate a motion that would add at least £26 to an average consumer bill—that is, if we were to leave the scheme unchanged. The estimates are constantly being revised, and the figure may well reach as high as £80 on the current trajectory. The proposal would give bumper profits to solar companies and do little to tackle climate change. There seems to be no awareness whatever on the part of the right hon. Member for Don Valley (Caroline Flint) or other Opposition Members that those are real costs, being imposed on real people, who will be unable to spend the money on other goods and services as a result. Every corner shop across the length and breadth of the land would be affected if disposable incomes were hit in that way. Some of the people who are in the greatest fuel poverty—about whom Labour Members are meant to be most concerned—will be most affected by these increases.

Feed-in tariffs have been successful. They have helped many people produce green energy locally, which is why, before we were coalition partners, Liberal Democrats and Conservatives supported their introduction. Solar energy has been particularly popular, with more than 140,000 homes now generating some of their own electricity. Unfortunately, this promising scheme was built on shaky economic foundations. In setting the returns, the previous Government completely underestimated the potential for cost reductions in the sector. They assumed that solar panels would cost just 9% less to install in 2012 than they would in 2013. As we heard from the right hon. Member for Don Valley, Labour did not propose to review this matter before 2013. In fact, costs are falling and falling fast—at least 30% since the scheme started. The result is that returns on solar photovoltaic investments are double what was originally envisaged.

Mr Ben Bradshaw (Exeter) (Lab): What would the Secretary of State say to a company in my constituency, Sun Gift Solar—one of many in Exeter and the south-west that has contacted me—which clearly told me that its customers do not have any trust in what it calls this "erratic and inconsistent Government" whose actions have already immeasurably damaged confidence in this industry and will put tens of thousands of people back on benefits?

Chris Huhne: I do not accept that at all. I will come on to some of the flaws in the original design of the scheme. I think it is regrettable that the Leader of the Opposition is not in his place alongside the right hon. Lady to defend the scheme that he introduced. I am going to be very clear—I am not going to pull my punches—about the mistakes made by the right hon. Member for Doncaster North (Edward Miliband) when

he was Secretary of State for Energy and Climate Change and this scheme was introduced. I will deal precisely with that.

The right hon. Member for Exeter (Mr Bradshaw) has just mentioned an investor in his constituency, so let me quote another—Martin Bleasby, the business development manager of Driffield-based Dodds Solar who said:

"It was clear something had to happen. It was never supposed to be a get-rich-quick scheme. The way things were going, the budget was going to run out in a few months. Now we can look at building a business which is sustainable for years to come."

Bob Russell *rose—*

Caroline Lucas (Brighton, Pavilion) (Green) *rose—*

Sheila Gilmore (Edinburgh East) (Lab) *rose—*

Chris Huhne: I happily give way to my hon. Friend the Member for Colchester (Bob Russell).

Bob Russell: My right hon. Friend is right to draw attention to the fact that the scheme is flawed. That is acknowledged. Does he agree, however, that where a social housing scheme or a community scheme has already commenced the process and panels are being installed almost as we speak, contracts should be allowed to roll even if they go beyond 12 December? Where the contract has already started, I say let it roll to completion.

Chris Huhne: My hon. Friend makes an important point. I have to say that since we announced this consultation I have received e-mails, as have a number of other hon. Members, from solar companies offering to install solar panels before the 12 December deadline. That does not suggest to me that we left inadequate time before the reference period.

Kate Green (Stretford and Urmston) (Lab) *rose—*

Sheila Gilmore *rose—*

Caroline Flint *rose—*

Chris Huhne: Let me come back to the point my hon. Friend made about social schemes and social housing, about which I care. Sadly, however, another design flaw that emerged from the inception of this scheme—again, the right hon. Member for Doncaster North was responsible for it—was that it did not have the ability to recognise social housing or social schemes. If we wanted a special scheme to help non-profit-making companies, we would not have the legal basis for achieving it.

Caroline Flint *rose—*

Sheila Gilmore *rose—*

Caroline Lucas *rose—*

Chris Huhne: Opposition Members bounce up and down protesting about this issue, but they had the opportunity when they were in government to achieve this—and they did not do it. It is another one of the cock-ups for which, frankly, the Leader of the Opposition was responsible in designing this scheme. I feel for the right hon. Member for Don Valley as she does not have the support of the right hon. Member for Doncaster North, who is not prepared to stand up here and defend what he did when he introduced this scheme.

The fact is that these returns are funded by consumers through their energy bills, and they are unsustainable. If we allowed them to continue unchecked, they would burn through the entire budget in a matter of months. If we do not act now, the entire feed-in tariffs budget for the current spending review period will be fully committed by next spring.

Several hon. Members *rose—*

Chris Huhne: Let me make this point, and then I will give way to the hon. Member for Brighton, Pavilion (Caroline Lucas).

With the current tariffs, each extra installation means that two fewer installations can be funded at the tariff levels. Every time the right hon. Lady or other Opposition Members say that we should not act—that we should defer dealing with the mistakes Labour made in introducing the scheme—they are condemning the industry to less growth than it would otherwise enjoy.

Caroline Lucas: I am frustrated by the Secretary of State's implication that Opposition Members do not accept that the tariffs must come down, as of course they must. Does he accept that six months ago the solar industry itself asked for them to be reduced by 25%? The reason for the chaos we are experiencing is the incompetence of this Government.

Chris Huhne: I absolutely do not accept that. Not a single solar installer to whom I have spoken does not say that tariffs must fall, and on that point I entirely agree, but that was not the case before. This is another of the key cock-ups made by the Leader of the Opposition when he was doing the job that I am now doing. He failed to learn from the experience of Germany, which was very clear: those who introduce a scheme involving solar feed-in tariffs must introduce an automatic digression to take account of the real world. But of course Opposition Members are not very familiar or comfortable with the real world of business. The fact is that there should have been a reduction in the tariffs as a matter of automaticity.

Several hon. Members *rose—*

Chris Huhne: I will give way to the right hon. Member for Don Valley.

Caroline Flint: If there was a provision for communities to take advantage of solar power, why are so many local authorities and housing associations cancelling projects? As a result of the right hon. Gentleman's initiative, 100,000 social homes will not have solar power. Did not the Labour Government set in train a review to be completed by 2013, implicit in which was the need for a "staircasing down" of the tariff to achieve value for money?

Chris Huhne: The right hon. Lady makes a good and serious point, which returns me to what I was saying before. We need to consider, and consult on, whether there should be a separate tariff for social schemes. Many social housing providers offer their tenants free electricity to encourage take-up—free electricity that has been rising in value because of the rise in world gas prices and the rise in UK electricity prices. That is an important part of the rate of return. If providers give

[Chris Huhne]

all that to their tenants, the amount that is left from the feed-in tariff to compensate for their financing costs will be less. However, we are not legally able to provide a separate tariff, because the Labour party did not implement such an arrangement when it was in government. I regret that, because it would have given us some flexibility.

Dr Julian Lewis (New Forest East) (Con): I have been lobbied by a constituent, Jeremy Anson, who works for a photovoltaic providing company. He fully accepts the need for a substantial reduction, but says that while the industry could cope with a reduction of 30%, he would struggle with 50%. We wonder whether a phased or gradual reduction would be possible, given that the number of orders received by his firm has fallen from an average of 15 a month to zero after 12 December.

Chris Huhne: I shall explain what we are trying to do later in my speech, but let me reassure my hon. Friend that the returns that the new scheme will provide—if, indeed, we proceed with it following what is a genuine consultation—will be very similar to the returns that were originally intended when the scheme was announced by the Leader of the Opposition in April 2010. As with some of the Opposition's other achievements, the intention was right but the execution was definitely not, so it falls to this Government to attempt to clear up the mess.

We want to secure the continued success of feed-in tariffs through sustainable growth, rather than boom and bust. That is why we are consulting on new tariffs for solar PV installations. As the climate change Minister, my hon. Friend the Member for Bexhill and Battle (Gregory Barker), just pointed out to the House, they are now in line with those being offered in Germany. If the former Secretary of State, the right hon. Member for Doncaster North, had bothered to find out how the Germans operated this scheme, we would never have been in this position in the first place.

Andrew Percy *rose—*

Chris Huhne: Before I give way again, let me address this key point. To wait any longer would put at risk the entire feed-in tariff scheme. Anything that slows this process will substantially increase the risk that the scheme will run out of money. Each week of delay in changing the tariffs leads to additional annual subsidy costs of £4 million, but this is a 25-year scheme, and the figure over the spending review period is £14 million, or £87 million to £110 million over the 25-year tariff lifetime. A very small delay in tackling this problem will therefore result in substantial costs for electricity consumers over a 25-year period.

My experience tells me that when we face such a problem, we should not follow the advice of the right hon. Member for Don Valley and attempt to run away from it by pretending it does not exist. Instead, we must grapple with this problem, and deal with it quickly so the scheme can be put on a sustainable basis that will give the industry the opportunity to grow and prosper.

Charlie Elphicke (Dover) (Con): This is a strange debate, as the Opposition seem to be on the side of big business, while we are on the side of the squeezed middle. Does the Secretary of State agree that the £1 figure Ofgem cited was for back in the summer when installations were running at about 2,000 to 3,000 a week, rather than the recent rate of 9,000 or so a month, and would that figure not have grown exponentially over time?

Chris Huhne: My hon. Friend is correct. I wish the House had facilities to show a PowerPoint presentation at this point, as I am now holding up a chart showing what has been happening with the scheme. The rising curve represents the installation rate increase. The Opposition cite the Ofgem figure of £1, but that applies down in the foothills of the curve, and we are dealing with a rather different real world today. Installed capacity has doubled since August, and has increased by three times since June and by tenfold since the start of the year. The right hon. Member for Don Valley is laughing; she has obviously had no experience of attempting to manage a budget, because if she had, she would not be laughing at all. This adds real costs to the electricity bills of real people—people the Opposition claim to represent.

Dr Alan Whitehead (Southampton, Test) (Lab): Will the Secretary of State provide the budget figures for the feed-in tariffs in the levy envelope up to 2015, along with the central analysis undertaken by his Department of how far over that budget we would be under present arrangements? Will he also explain the headroom his Department has for putting things right over that period, and compare that with how far over the budget his Department is according to its central impact assessments?

Chris Huhne: The hon. Gentleman is my neighbour in south Hampshire, so I was delighted to give way to him, and I wish we were able to address that fine granularity of detail, as he suggests. However, I shall place the graph I have been showing in the Library so that everybody can look at it. The situation is moving so swiftly that projections based on the current week's figures would look rather more alarming than those for last week or the week before that. The real world is changing exceptionally rapidly. The impact assessment gives a clear statement of where we were at the point when the impact assessment was made. At that point, the figure was £26 on average energy bills for 2020 and the latest estimate is now up to £80—and at the high end of that if there is substantial growth. That takes me back to the point that if we do not deal with the issue quickly, we are not saving the industry, as the Opposition would like us to believe, but writing the death warrant for it. There would be a sudden cataclysmic fall in demand.

Several hon. Members *rose—*

Chris Huhne: I will give way to the right hon. Member for Lewisham, Deptford (Joan Ruddock), who is a former Minister in this area and whose expertise is well known.

Joan Ruddock (Lewisham, Deptford) (Lab): May I reiterate what was said by my right hon. Friend the Member for Don Valley (Caroline Flint), who speaks from our Front Bench? It is not about the fact the tariffs are being reduced but the way in which it is being done. Peabody housing association, which works in my constituency, was going to have installed 6 MW of

provision by March of next year and the programme has been decimated. The Minister of State has said that it can get ahead with a 5% return but it was planning—and had received—a 7.5% return and its borrowing costs are 5.3%. It cannot be done. The Secretary of State must change his mind.

Chris Huhne: I listen to what the right hon. Lady says, but the reality is that the scheme takes us back to the rate of return when the scheme was introduced by the previous Government in April 2010. It was appropriate then and all we are doing is taking account of what has happened in the real world, where there has been a very dramatic reduction in the cost. I have yet to meet a single manager of a single scheme who has persuaded me that they will lose money by proceeding with their scheme. They might make less money than they previously planned—that occasionally arises—but the business of my Department is not to provide extra rate support grants to local councils but to ensure that we have a successful renewable energy scheme and that we get solar panels out there. It is not a back-door way of funding extra support.

Mr Edward Leigh (Gainsborough) (Con): I agree with everything my right hon. Friend is saying, but surely the problem is that all the schemes that subsidise renewable energy tend to distort the market and have perverse consequences, and therefore perhaps the Duke of Edinburgh had a point over the weekend.

Chris Huhne: The Duke of Edinburgh was not, I think, talking about solar panels, and I dread to think what his views are on them. He certainly made his views on wind pretty clear. I do not agree with my hon. Friend on the issue of distortions to the market because, curiously, solar photovoltaics are a clear example of a highly successful world market. The right hon. Member for Don Valley was talking about Sharp Solar as though it was dependent on the UK, but more than three quarters of the production in Wrexham goes overseas to the rest of Europe. We have already heard that the funding is exactly in line with that in Germany. The Chinese are exporting dramatic amounts of solar panels and what is fascinating, exciting and positive about the industry is the fact that in the long run—

Andrew Percy *rose—*

Chris Huhne: I shall give way to my hon. Friend, who has been very patient.

The key point I want to make, which was drawn to my attention by the US Energy Secretary Steve Chu, is that almost uniquely among the renewable energy forms, solar panels are reducing in price by an average of 6% a year. As a result of that technological trend, which is a bit like the fall in the cost of computer memory that many of us will be familiar with, this area will have enormous potential in the long run. The argument for putting the industry on a more sustainable basis so that it can grow solidly and reliably with a tariff that reflects the fall in the underlying costs means that we will be in a position, when the costs of solar fall to grid parity, to make major and substantial increases in solar installation. I do not agree with my hon. Friend the Member for Gainsborough (Mr Leigh) that this is a waste of time. The world market is working, but the scheme has been thrown out by the fact that we have had a dramatic fall in the costs of solar panels in the past 18 months. Unfortunately, the scheme introduced by the previous Labour Government did not have the automatic reduction that it should have done.

At this point, I shall give way to my very patient and hon. Friend the Member for Brigg and Goole (Andrew Percy).

Andrew Percy: I am almost too tired to stand up now, Mr Deputy Speaker, but I thank the Secretary of State for giving way. It is precisely because of the arguments he has outlined that the Labour Government in New South Wales in Australia cut their tariff by two thirds.

I want to put a question to the Secretary of State on behalf of my constituents at Alexander Electrical Services. They support change and have said very clearly that they accept there has to be change, but one thing they want from the Secretary of State is more of an explanation about the December cut-off date.

Chris Huhne: I come back to the point that if we had not acted quickly on this we would have had a situation in which every installation at the old tariff rate would have meant two fewer installations at the new tariff rate. That would have meant massively over-subsidising when we could have got the deployment at the new tariff rate. There is no doubt about that. We have had many e-mails from reliable, long-standing solar installers who recognise that the scheme needed to be changed. They—particularly the reliable installers—want it to be put on a sustainable basis that will give them the ability to grow sustainably.

Mr Angus Brendan MacNeil (Na h-Eileanan an Iar) (SNP): It is the rate of change that is concerning people, particularly in rural areas. A small domestic development of some constituents of mine would have been under threat had they not managed to make the cut-off. They are now looking for retrospective planning permission. Will the Minister look again at the situation, particularly in rural areas where getting basic parts can be a problem? Will he give more time before he introduces this draconian cut-off rate in rural areas?

Chris Huhne: I have to say that, to some extent, I rest my case in that regard. A substantial scheme that requires planning permission in the Western Isles will clearly be one for which, arguably, the solar yield will be very substantial. I do not know whether that is the case, but I come back to the point that if we do not deal with this issue we will deprive the industry of future growth prospects. The more we pay out at the higher rate the less we pay out at the lower rate. That is why we proposed the date of 12 December—to give well-advanced projects six clear weeks in which to finalise and thus receive the current tariffs. We are consulting on this and we are open-minded about it. Hon. Members should remember that schemes after that reference date will continue to receive the old tariff all the way through to April—only then will they go on to the new tariff. We are seeking views on this and on our other proposals, including the one to strengthen the link between FITs, energy efficiency and a new multi-installation tariff frame.

Mr Russell Brown (Dumfries and Galloway) (Lab): Will the Secretary of State give way?

Chris Huhne: I must make a bit more progress.

We are also considering whether more could be done to enable genuine community projects to benefit fully from FITs. We will provide more detail on that in the second consultation on the comprehensive review.

Stephen Lloyd (Eastbourne) (LD): On that point, can the Secretary of State, first, give us a reassurance that local authority social housing, or at least social housing, will be included in that? Secondly, if there are problems with the budget, perhaps he could get some money from the nuclear budget.

Chris Huhne: My hon. Friend is mistaken if he believes that there is public subsidy in the nuclear budget. Nuclear power will be built without public subsidy, and I believe that position is shared across the House. I assure him, from the Dispatch Box as someone who is a very clear guardian, that, as we are spending £2 billion clearing up the nuclear industry mess from previous generations, there is someone here who has a very strong incentive to make sure that that never happens again.

On social housing, I have already said that we will consult on whether it is appropriate to have a separate tariff for genuine community projects. Those who have already installed solar PV and who are registered for feed-in tariffs will not be affected. The right hon. Member for Don Valley suggested that they might be but that is completely incorrect and is scaremongering. I can totally reassure anyone that this approach is consistent with our long-standing principle in the House of not making retrospective changes. We have to strike a delicate balance between acting quickly, for the reasons that I have given, and allowing people to finish work that is well under way. That means enabling well-progressed projects—*[Interruption.]*

Mr Deputy Speaker (Mr Nigel Evans): Order. May I inform the House that 29 Members have submitted a request to speak in the debate? We will clearly not be able to hear from everyone, but if there are constant interventions, we will hear from even fewer Members than anticipated.

Chris Huhne: I will take some more interventions with your forgiveness, Mr Deputy Speaker, but I will try to make progress too.

A consultation is under way, and we will consider carefully all the representations that are made, including on the proposed reference date and how best to implement an energy efficiency requirement. It is not the case, for example, that large numbers of people will be excluded, because it is possible to insist on a C rating. Many people could easily be upgraded to a C rating, which would increase the market enormously. Furthermore, we could make solar panels available to anyone who is prepared to take part in the green deal when it is launched and which, of course, is cost-free to the household. We will look at that, and we will announce our final intentions early in the new year. Our proposal is that the revised tariffs should take effect from 1 April 2012.

The decision to consult on revised tariffs and the proposed reference date was not taken lightly. I am sure that Members from all parts of the House agree that increasing the share of locally generated renewables is a good thing, not just for our carbon reduction targets, but for households and communities. However, spending the best part of £1 billion of public money to support soaring profits for one part of the energy sector is not the way to build a lasting low-carbon economy. It will not deliver more renewable energy or help more households. As that public money comes directly from the purses of bill payers, including people in fuel poverty, it is not the fairest way either. Many Members will have received letters from companies offering solar PV. Many of those letters are written in defence of the industry, but they are guided by a passion, quite rightly, for clean green energy as well as a stronger bottom line.

I am as disappointed as many of my constituents that the feed-in tariff scheme was not properly set up. To paraphrase the right hon. Member for Don Valley, we would not have to cut so far or so fast if the policy had been properly costed to begin with. A little more foresight then would have gone a long way now. I have described the mistakes that were made by my predecessor in failing to take into account what was happening in the marketplace, but another mess that we had to clear up after the Labour Government left office was the business-scale scheme, which was going off like a rocket. We had to deal with that earlier this year because, under the proposals introduced by the Labour Government, it was assumed that businesses were too stupid to respond to a substantial real return and would not install any solar PV for three years. If we had not acted, half of Devon and Cornwall would have been under PV panels.

Mr Russell Brown: Will the Secretary of State say something about remote rural areas, because I have a constituent who has had solar panels installed but, because of her remote location, she has to pay a further £21,000 for an off-grid connection? There is absolutely no way in which her supplier can connect her before 12 December.

Chris Huhne: By all means, the hon. Gentleman should give us the details of exactly that sort of issue, which we will consider as part of the consultation. However, his constituent might have been better served if there was a proper energy efficiency audit of her home so that she could make substantial energy savings beforehand.

John Robertson (Glasgow North West) (Lab): You don't know what his constituent did.

Chris Huhne: We do not, but we do know that under the scheme promoting solar PVs or the scheme that was launched by the Labour Government in April 2010, there was a link to energy efficiency.

John Robertson: You're making it up.

Chris Huhne: Opposition Members are getting terribly shirty about this, but there was a link to energy efficiency and that link was abolished with the introduction of the scheme by the right hon. Member for Doncaster North, the Leader of the Opposition, when he was the Secretary of State for Energy and Climate Change in April 2010. We need to deal with that.

There are more efficient ways to clean our energy supplies and grow our green industries than using consumers' energy bills to support one industry at well over the market rate. If we did nothing, by 2014-15 feed-in tariffs for solar PV would cost consumers about £1 billion a year. If we are to succeed in building a low-carbon economy, we must make sure that we show people that we are committed to value for money.

It is precisely because this Government are committed to a sustainable, long-term future for clean energy that we propose revising tariffs now. Encouraging a minority of companies to feast on bumper profits for six months, swallowing up the entire feed-in tariff budget for a four-year period, would be the acme of short-termism. It is worth keeping things in perspective.

Andrew Bridgen: Will the Secretary of State explain to the House what he believes the Labour Government meant when they said in a consultation document on feed-in tariffs that they did not expect to lower the tariff levels for new projects over the years? Given that, does he not detect more than a whiff of hypocrisy in the comments from the Opposition Front Bench?

Chris Huhne: My hon. Friend makes a good point. If the previous Government had bothered to find out how well-managed feed-in tariffs are run in countries such as Germany, they would have built in an automatic system which brought the tariffs down in line with the fall in costs, but they did not. The result was a massive over-compensation.

Contrary to the claims that we have heard from the Opposition, we are not shutting down an industry, which is what would happen if the money ran out. The revised tariffs will provide inflation-proofed returns for 25 years of around 5%. That remains competitive with other investment opportunities. A householder would still be able to get a 4.5% real post-tax return. This compares well, for example, with the 0.5% post-tax real return currently available through index-linked National Savings bonds.

Zac Goldsmith (Richmond Park) (Con): The Government are right to cut the tariff. That is the message that I have heard from many in the solar sector, but the 12 December deadline is causing panic. There is no doubt about that, so I ask the Government to publish as soon as possible some kind of cost-benefit analysis showing what the cost would be of sticking to the April deadline and what the cost to the sector would be of a 12 December deadline. That is the issue causing most fear. It is hard to exaggerate the level of that fear.

Chris Huhne: My hon. Friend makes a good point, but I have dealt with that issue in response to the hon. Member for Southampton, Test (Dr Whitehead). This is such a movable feast that every time we do a projection, we find that the budget is being eaten up even more rapidly, so we have put out, in the impact assessment, a very clear projection on the basis of the knowledge that we had when the consultation was launched about what would happen overall—that is, a very substantial increase in the overall budget and a £26 increase in household bills. The revisions that we have done since then suggest that, if anything, things will be moving even more rapidly.

By the way, the returns still compare favourably with the returns intended when the scheme was set up. Our proposals are the difference between windfall profits from double-digit returns and a reasonable return—double-digit returns that would bring into the industry all sorts of curious people who never had any previous interest in it and who were operating tax avoidance schemes to raise money to invest in the industry. The scheme had been growing dangerously unbalanced. We are working to put it back on an even keel. I do not accept that putting right the feed-in tariffs scheme undermines confidence, for the reasons that I have given.

Aside from those such as electricians and scaffolders who have branched out into solar PV installation alongside other employment, our analysis suggests that the number of full-time equivalent jobs in the solar industry is between 8,000 and 14,000. We do not wish to see a single company stop trading or a single job lost, but we cannot continue to prop up unreasonable profits with consumer cash. Jobs created by a bubble of excessive returns and paid for by consumer energy bills are simply unsustainable. Companies that have prepared themselves accordingly are likely to continue. As I have said, I have not come across a single person in the industry who contests the fact that we needed to act, although we did not hear that loud and clear before we acted, contrary to what various Opposition Members have said. Companies that were going all out with installations for the next few months with no plans beyond that will be in a position that is only slightly different from what would otherwise have been the case.

Dr Sarah Wollaston (Totnes) (Con): The Secretary of State makes a compelling case for the need for change, but will he consider a concession for those businesses that have already paid a deposit? Pennywell farm in my constituency aims to be the first carbon-neutral tourist attraction in the country and has already received a gold business award for energy conservation. It has already paid a 10% deposit, but the costs of meeting the 12 December deadline will increase its costs by 11% and it faces great difficulty as a result.

Chris Huhne: I hear what my hon. Friend says, and she is not contesting the fact that there will still be a positive return. That comes back to the point I was making. People might not make as much money as they thought they would, because the scheme had not been brought into line with the fall in the cost of panels, but they will still make a positive return. My Department's key objective is to ensure that we make the transition to a low-carbon economy, not to provide excessive subsidies where they are not warranted by the action that is to be taken. If she would like to write to me with the details of her example, we will take it into account as part of the consultation. I repeat that it is a genuine consultation.

The revised tariffs will allow the feed-in tariffs to work in the way they were intended to, supporting the industry and jobs in the long term, rather than burning brightly for a few short months before fading away. The right hon. Member for Don Valley might urge on us the attractions of becoming a sort of policy Catherine-wheel in which we are all fizz, but we do not particularly want to be followed by all phutt, which is exactly what we would have if the Labour party was to have its suggestion.

[Chris Huhne]

I am sure that Members will join me in supporting long-term ambition across the whole green economy, rather than windfalls for the few.

The Government are committed to supporting sustainable low-carbon energy, but we cannot continue to write blank cheques. By bringing solar PV returns in line with other investment opportunities, we are guaranteeing the success of the feed-in tariff scheme as a whole, which will mean more renewable energy delivered to more households in a sustainable way.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. A great number of Members wish to take part in the debate, so a five-minute limit has been introduced for Back-Bench contributions.

5.23 pm

Albert Owen (Ynys Môn) (Lab): It is a great pleasure once again to follow the Secretary of State, but I am afraid I cannot resist referring to his last remark on policy Catherine-wheels. He is the man who said that the nuclear industry was flawed and should not continue, but today he is Mr Nuclear. He said that solar panel feed-in tariffs were not ambitious enough, but now he says that they are flawed and too ambitious. He is the undisputed champion of flip-flops. Today he has told us that he is looking after the interests of the consumer, but he is doing exactly the opposite.

Since entering the House, I have been a consistent supporter of nuclear energy, renewable energy and energy efficiency as a package. I see no contradiction in that whatsoever. It will help consumers in the short term and the environment in the long term, which is what proper policy is about.

We do not have much time today, but, because of the country's anger at the policy changes, we are here today, arguing the case for consumers. I shall read out a few examples, because they show how out of touch the Secretary of State and Government are on this important issue.

It was not just the industry, but ordinary individuals who took this Government on trust, and they have broken it. The Liberal Democrats know that, because they argued that the scheme was not ambitious enough. Indeed, the right hon. Member for Bermondsey and Old Southwark (Simon Hughes), who is in the Chamber, said that the then Government were not going far enough.

Simon Hughes (Bermondsey and Old Southwark) (LD) *rose—*

Albert Owen: I am happy to take an intervention from the right hon. Gentleman. I wanted to wake him up and stir him so that I could get an extra minute and listen to his remarks. Is he prepared to intervene?

Chris Huhne: Will the hon. Gentleman take an intervention from me?

Albert Owen: I shall take an intervention first from the right hon. Gentleman's previous boss.

Simon Hughes: I did press for a scheme when we were in opposition, and a scheme was introduced, but it was not adequate. I support the fact that it has to be reviewed because of the take-up, and the answer lies in the Secretary of State's answer, which I heard very clearly. It is to look at a new community tariff, to be announced as soon as possible, which I heard him say will be in January.

Albert Owen: But the right hon. Gentleman said in opposition that the rates were not ambitious enough. Those were very his words, and he has now done a flip-flop on that. Yes, we need a proper review; of course we do, because the industry is calling for it and everybody is calling for it, but it should be done on a sliding scale, not at the rate that the Secretary of State describes.

Chris Huhne: Will the hon. Gentleman please admit to the House that there has been a colossal fall in the cost of panels and, as a result, an enormous increase in the real rate of return? That is what has changed in the real world. Since my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) made those points, the world has changed. Government Members have responded to that; Opposition Members do not appear to have done so.

Albert Owen: The Secretary of State has not read the Opposition's motion or listened to what the shadow Secretary of State said about the need for a sliding scale.

I shall read out three examples, because they speak not just for my constituents, but for constituents throughout the country. A Mr Jones wrote to me this month, saying:

"I am writing to you as a retired NHS employee, who recently decided to invest my pension lump sum monies into clean energy and have just installed PV solar panel system on my house. My decision was based on the Government's existing tariffs and estimated returns on the substantial investment and proceeded with the installation in the last week of October. I was unaware of the Government's consultation document before proceeding. I only recently heard about the changes on a news bulletin".

He believes that the process is deceitful, because it cuts off before the consultation period is done. He says that he understands the rationale for changes, as do all of us, but the proposed changes will be made without any meaningful public consultation. Indeed, the Secretary of State has suggested that individual write in, and that the consultation changes will be made on a case-by-case basis. What a sham—for the Government of the day to say, "We will look at individual cases and maybe give a bit of leeway." People want a proper strategy and consistency.

Another constituent, a young person who has been self-employed for 10 years—the kind of person whom the Government say they want to help—came to see me. He has moved from various installation projects, including central heating systems, to the PV system, and he has employed extra people. He says:

"I am writing regarding the recent feed in tariff problems as I am sure you are aware of. I have had to lay off two installers last week for two weeks so far",

and he cannot see himself bringing them back. His office assistant is, he says,

"down to two days a week from five days",

and he cannot honestly see his company trading: it will cease trading because of the proposals. That is the kind of reaction we are getting from communities.

A third person who wrote to me put across her point straightforwardly, as Anglesey people do, saying:

"I was horrified to see the high handed fashion in which the Government has eliminated the...Micro Generation Industry. By...slashing the value of the electricity feed-in tariff, they are effectively ending the provision of free solar panels to the electorate and endangering the jobs of tens of thousands of people. Not since the Thatcher Government of the 1980's have those in power set out to put an end to a sector of the economy overnight."

That was not a Labour supporter who was known to me, but an ordinary constituent who took the trouble to write in. That is the situation that people are finding themselves in, and it is the scale of the downgrading of the tariffs that is concerning everybody.

I say to the Minister of State, the hon. Member for Bexhill and Battle (Gregory Barker), who is going to wind up the debate, that he should listen to the debate—I do not think he is listening at the moment. He should not just give the speech that has been written for him by civil servants, but he should listen to the debate and listen to what the people of this country are saying. They understand the need for deficit reduction, but they also have trust in Governments, and when they enter a scheme, they want to see it through. They want to help the country's economy and create jobs, and jobs have indeed been created. They want to save the economy, but they also want to save the environment. That was why the scheme was set up. Yes, it needs to be reviewed, but the Government are destroying it, and I ask them to think again.

5.30 pm

Mr Mark Spencer (Sherwood) (Con): I am very grateful to you, Mr Deputy Speaker, for calling me early in this debate. Right at the beginning, I want to nail my flag to the pole as being very pro-solar. I believe that solar power offers us a great opportunity to change how we generate power, in a green way that protects the environment and lowers our carbon footprint. As a member of the Environmental Audit Committee, I have been very keen to push forward schemes such as solar and anaerobic digestion, which also offers us a great opportunity. Those schemes provide energy without having a great impact on neighbouring sites.

I am keen to set out the position in which the Government found themselves when they came to power. After 13 years of a Labour Government, we faced the real prospect of an energy crisis. We risked a gap in the supply to the general market and in this country's ability to find energy to keep the lights on in our homes and ensure that our businesses can thrive and move forward. It is a damning fact that the previous Government did not grasp the nettle and sort out this country's energy supply to ensure that we can operate securely.

To that end, I probably part company from the Secretary of State in saying that I think that the real answer to delivering large-scale energy production will be nuclear. The previous Government should have taken quicker action to deliver it. Coming from the constituency of Sherwood, and from the former coalfields of Nottingham, I believe that the other way in which we can solve the crisis is through carbon capture and storage, using coal-fired power in a green way so that it does not increase our carbon footprint.

The most important point to recognise is that a lack of action is simply not an option. We cannot continue the way we are going. We are a victim of the enormous success of the feed-in tariffs scheme. People have really embraced the opportunity to put solar panels on their own homes. Unfortunately, we pitched it at an unsustainable level, and the only option is to reduce the subsidy to a level that still allows the industry to continue and people to deliver solar panels.

Opposition Members have referred to what happens in Germany. The simple fact is that we are reducing our support to the same level that exists in Germany, and the industry is sustainable there. I am not an astronomer, but my understanding is that we share the same sun, and the strength of the sunlight is the same. If the industry can thrive in Germany at the same level of subsidy, I believe it can be sustainable in this country. The truth is that time will tell whether we are right or wrong. I believe that as we move forward, the industry will carry on and people will still be able to make use of the opportunities provided.

David Mowat (Warrington South) (Con): My hon. Friend makes a very interesting point about Germany. He will perhaps be aware that, in the last year of the previous Government, Germany was getting approximately 10% of its energy from renewables, while we were getting 2.5%. We have a lot to learn from Germany.

Mr Spencer: I agree with my hon. Friend. We can learn from some of the things Germany got right and some of the things it got wrong. That is the way to move forward.

Basically, there is a simple calculation. We need to get more solar panels for each pound we spend, and the Secretary of State's suggestions would deliver more panels per pound. That is the simple calculation we have to make. The other thing we need to do is bring the technology into the mainstream.

Glyn Davies (Montgomeryshire) (Con): One of the issues the Opposition have been discussing today is that of jobs and lost jobs. Clearly, if twice as many panels are being built sustainably in the longer term, there will be a lot more jobs.

Mr Spencer: That is absolutely true.

As I was starting to outline, the other thing we need to do is to bring the technology into the mainstream. This is no longer some green dream. Solar panels are a real opportunity to deliver a credible energy source to our homes. Many companies that focus solely on solar power have been established, but we need to tackle the matter by ensuring that normal contractors—electricians and plumbers—look at such technologies as an alternative.

At the moment, an example of what happens is this. Mrs Jones's boiler will break down and a plumber will come along. If the plumber does not have the expertise to say, "These are the alternative renewable sources of energy that you can look at," she will have a normal gas-fired boiler fitted in her home. We need to bring such technologies into the mainstream, so that regular electricians and plumbers have the experience to deliver them. I hope that, as the scheme is successful, they will be able to tap into it and deliver that. I am not just talking about specialised solar companies, but normal, everyday contractors. That is starting to happen and will continue.

[Mr Spencer]

I am very conscious of the time, so I shall summarise the matter quickly and leave my colleagues time to speak. We inherited an energy supply system that was in tatters. We have had to tackle that at the same time as greening our energy supply and lowering our carbon footprint. That is an enormous challenge. We have made some very good progress, but there is a way to go and, under the current Administration and with the support of the Secretary of State, we can make great progress.

5.37 pm

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): I share the concerns of Labour Members. The shadow Secretary of State made a very powerful speech, but I want to concentrate on a constituents' case because the Secretary of State does not seem to think that the December deadline is a problem. However, my constituents' case is a perfect illustration of why it is a problem.

On 2 November, my constituents learned that the Department of Energy and Climate Change had changed the date from 31 March 2012 to 8 December 2011 for reducing the feed-in tariff rate for solar panels fitted to domestic properties from 43%. At the 43% FIT level, they calculated that they could borrow £12,000 to install solar panels and that they would break even on the loan repayments. The week before, they signed a contract for solar panels to be installed before 31 March 2012 and paid just over £7,000 as a deposit. At that time, there was no indication that DECC was about to make a sudden change to the date for introducing the revised FIT rate.

My constituents immediately feared that the contractor may not be able to have the system installed and their registration complete within the new time frame set by DECC. If that happened, they would be trapped in a contract from which they would be making a monthly loss that they cannot afford for the next 25 years. They would not have signed up to the contract if DECC had made it known that it was about to change the time frame for introducing the revised rate. My constituents acted in good faith and believe that the original tariff agreement to 31 March should be honoured or maintained at that level for people such as them who have already signed contracts and paid significant deposits with no guarantee that work and registration will be completed before 8 December. That should be taken into consideration. It was completely unreasonable to give five weeks' notice of such a significant change at a time when suppliers and installers are exceptionally busy meeting the demands of the original 31 March deadline.

Following this shock, my constituents have been working closely with panel suppliers and installation contractors to complete the work prior to the new cut-off date. Luckily for them, the work has been completed, the system is installed, and registration documents have been submitted to their energy supplier. The registration documents were sent to the energy company by special delivery on Saturday 19 November, and they breathed a sigh of relief because this gave, or so they thought, plenty of time for registration prior to the December cut-off. The energy company has now informed them that it cannot guarantee that the registration documents will be processed prior to the December cut-off date because it is receiving unanticipated levels of rushed applications to make the new deadline, and that has resulted in a significant slowing in the registration process.

My constituents believe that this is, by default, another way for DECC to ensure that fewer people are able to receive the previously agreed tariff, and the Secretary of State openly admitted that in his speech. They rightly believe that this looks like another example of people entering into contracts with this Government only to have the goalposts moved without due consideration or proper consultation and find that they are left to take the financial hit. They were already in the position that 60% of the costs had been paid to the contractor and they could not reasonably cancel the contract. Having fast-tracked the installation process, they are now faced with another barrier to registration whereby, through the Government's action, they will be tied into a green energy contract rather than breaking even. This leaves them with making a significant loss for the next 25 years, through no fault of their own. They tried to do the right thing; perhaps the Government should now do the right thing and change the deadline.

5.42 pm

Dan Rogerson (North Cornwall) (LD): The introduction of the feed-in tariff came about after a long campaign by the parties now in government and by many people out in the community who had seen the gains that had been made in Germany. We keep coming back to the German example. I am sure that any German people watching this debate will feel very smug that much of it is about what they have achieved. I was a member of the Environment and Climate Change Committee during the previous Parliament, and we went over there to look at what had been achieved in Baden-Württemburg and Freiburg, as well as in Stuttgart, where the panels were being produced.

Labour Members on the Committee—who at that time were Government Members—were very impressed but despairing that their party would not listen. I remember the debates in this place when the feed-in tariff was raised repeatedly, and some Labour Back Benchers were bravely standing up and defying the Whips to argue for it. We have to remember that were it not for what happened in another place we would not have made the progress towards the feed-in tariff that we have. The right hon. Member for Don Valley (Caroline Flint) talks about the wonderful achievements of her Government and her conversion to believing in the feed-in tariff, but whatever she says about the right hon. Member for Croydon North (Malcolm Wicks)—

Katy Clark (North Ayrshire and Arran) (Lab): Does the hon. Gentleman accept that it was 60 Labour Members signing an amendment and negotiating hard within our party to get signed up to feed-in tariffs that led the Labour Government to introduce the legislation?

Dan Rogerson: I have already paid tribute to Labour Back Benchers who were arguing for the tariff—but I am talking about Labour Front Benchers and the official policy of the then Government until that point, which was to reject it. Obviously, that is a matter of historical record.

We now have the feed-in tariff in operation. As a Member of Parliament for Cornwall, where there are huge possibilities for the solar industry and fantastic

community groups are coming together in the co-operative sector to drive this forward, I am very pleased that we have seen such growth. However, I am looking to Ministers to give a positive and consistent message on solar, because there is confusion out there, and that is damaging. The Secretary of State made a strong speech today setting out a clear direction. However, confidence has undoubtedly been affected by, as the Secretary of State would say, the success of the scheme, because there has been such a high take-up and high capacity.

Stephen Lloyd: On that subject, does my hon. Friend agree that one concern for many solar and renewables companies who have bought in to the green agenda is that they never know for sure whether the Government will change their mind midway through? Does he agree that this decision, though economically understandable, may feed that concern?

Dan Rogerson: That is the thrust of what has been said by several Government Members, and indeed Opposition Members, who have raised concerns. We accept the need to act, but we must ensure that there is now a consistent vision so that the message gets across.

I am excited about the possibilities. I believe that in the longer term, the message will be much better in terms of how much will be added to the bills of those who cannot take advantage of feed-in tariffs, because we will see a break-up of the small oligopoly of the big six energy producers and there will be a far more dispersed system. That will ultimately provide more competition and drive down price. Clearly the Secretary of State has been looking at this economic model, and he has to consider how much money is in the budget. I advise him to continue to focus on costs being put on to other domestic bills. I think that we can be far more positive about the long-term implications of this policy for all energy bill payers. If we have a far more diverse mix, it will create further competition and drive down prices, or at least will resist the upward trend in prices that we have had because of the issues with fossil fuels.

Huw Irranca-Davies: I ask the hon. Gentleman to agree, if not with Opposition Members, with that very good group within the Liberal Democrats, the Green Liberal Democrats, and with Welsh Liberal Democrat Assembly Members, who have written to the Secretary of State to ask him to delay this decision to ensure that there is an effective transition. That seems to be wholly good sense as a bare minimum. Will he agree with them and then support us in the Lobby to vote for the motion?

Dan Rogerson: As for how I will vote, I have looked at the motion and I am waiting to hear the Government's position in the summing up. I have a number of issues, such as the need for certainty and the effect of the cliff edge in December, which other hon. Members have talked about. That is the real problem for investors. It would be very welcome if, in looking at the consultation, the Government could come up with any means of tapering that effect, particularly to help the community schemes and social housing schemes that are considering exciting ways to involve tenants and whole communities in taking advantage of the scheme. Those are people who might not be able to do so on their own, because they are not capital-rich enough.

Chris Huhne: We would like to do that, but the legal basis for doing so is simply not there in the scheme that was introduced by the last Labour Government.

John Robertson: Change it.

Chris Huhne: Well, we could do that, but it would have to be part of the longer-term consultation on the comprehensive review, which we will carry out.

Dan Rogerson: I thank my right hon. Friend for that intervention, as far as it goes. I hope that a huge amount of effort will be devoted to putting that problem right very quickly.

As other Members want to speak and as I have taken so many interventions, I will be brief. One other issue that I want to focus on, which has not been raised, is the concentration on energy efficiency for people who want to take advantage of the tariff. That is hugely problematic in areas such as mine that have older housing stock, which it will be very difficult to get up to the standard. I do not think that there is—

Chris Huhne *rose—*

Dan Rogerson: I will not give way, but the Minister will have a chance to respond in his summing up.

Caroline Flint: Will the hon. Gentleman give way?

Dan Rogerson: I will not, because I need to complete this point.

I do not think that we need to connect this matter with energy efficiency so intimately. In the green deal and other schemes, there are advantages and pressures to encourage people to consider energy efficiency measures. I think that linking these things is unhelpful, particularly for people in areas such as mine.

Although I welcome the Secretary of State's commitment to move forward with this scheme and the vision for solar that he has set out, I urge him to consider other means for getting the sector to grid price parity, so that we can have confidence that the sector will continue to grow in a sustainable way.

5.45 pm

John Robertson (Glasgow North West) (Lab): This has been an interesting debate. I wonder whether some Government Members live in the real world. The hon. Member for North Cornwall (Dan Rogerson) thinks the Germans will watch the debate, but I wonder how many will. He seemed to get excited because people will be worse off than they are now. The Secretary of State seems quite happy that jobs in the industry will go, and tells us that the industry will grow when everything else is not growing.

We should get back to what this is all about, which is looking after the people who need looking after. Thirteen and a half thousand of my constituents border on fuel poverty. I care about them more than I care about whether solar power is put into houses or whether the money for that is right or wrong. For those people to get their energy, and to ensure they can afford it, we must have solar power, wind farms and everything else that can send power into their homes to help to keep the lights on and give them cheaper energy.

Katy Clark: Will my hon. Friend give way?

John Robertson: I am not going to give way. Government Members give way to waste time. Let them do it. We will make sure that we say what needs to be said. They can play games.

I should like to move on to fuel poverty, which is what I believe we are here to talk about, and people who will die. I asked the Secretary of State earlier whether the tax taken from the big six and the reduction in the money for solar power are worth the 2,700 lives that will be lost this year owing to the Government's energy policies, but he never answered me. I am willing to allow him to intervene if he wants to tell me that his policies are worth more than 2,700 lives. We all hear that deafening silence. The money that the Government get from the tax and from reducing solar energy will amount to 2,700 lives. That is what the Hills report says, and the Secretary of State agreed with me when he was questioned about it.

Chris Huhne: The hon. Gentleman is completely misguided to quote the Hills report, which I commissioned because I want a real effort made to combat fuel poverty, which was not happening in the past few years; we saw fuel poverty increase under the Labour Government. He is quite wrong to say that I am not concerned about the big six. We want a competitive market. That is why we are introducing extra consumer safeguards, and why we are making the retail and wholesale markets more competitive.

John Robertson: I can only use the right hon. Gentleman's own words. He told me that the Hills report said that 27,000 extra people would die this winter, and that 10% of those deaths would be down to the Government's energy policies. That will be in *Hansard* for hon. Members to read for themselves. I asked him whether lives were worth more than the tax money, and he never answered me.

At the end of the day, people will make the difference. The Government cannot be trusted. If people cannot trust the Government or what they are saying, how can they move forward? There lies the biggest problem. The 13,500 pensioners who are approaching fuel poverty in my constituency, and the disabled people who need extra help, will not be able to work out whether they can trust the Government to see them through this winter. Everything that has been mentioned is for next year, not this winter, but we need to solve the problems this winter.

The money spent on solar power would have helped in the long term to keep people in jobs, to stimulate growth in industry and to get money circulating in the country, but the Government are cutting it. They want to halve the amount of money that would circulate. They want to halve everything. My hon. Friends the Members for Ayr, Carrick and Cumnock (Sandra Osborne) and for Dumfries and Galloway (Mr Brown) told us about their constituents who, through no fault of their own, will be caught up in this system and will find that they cannot afford what they thought they were going to get, although they did do their risk management.

When the Secretary of State was having a go at my hon. Friend the Member for Dumfries and Galloway, I asked him how he knew that the person in question had not done a risk assessment or worked out the financial situation, and he replied, "Well, I don't." So there we have it: we have a Secretary of State who makes policy on the hoof and statements that contradict my hon. Friend, who knows his constituent and knows the situation, and says that my hon. Friend is wrong—and then, when asked from a sedentary position, "How do you know the constituent didn't do that?" turns round and says, "Well, I don't." He is basically saying, "I just don't care."

We see it more and more. We have a Government who always use the excuse, "It's somebody else's fault. A big boy did it and ran away." That is their modus operandi. That is what they do. It is always somebody else's fault and never their fault, but unfortunately it is the people who Labour Members, in particular, represent who will suffer at the end of the day. I want to ensure that the 2,700 extra people who might die this winter do not, but the sad truth is that this Government do not care, and never will care. That is why the people on this side of the House are better than them.

5.55 pm

Mr Peter Lilley (Hitchin and Harpenden) (Con): It is a pleasure to follow the hon. Member for Glasgow North West (John Robertson). I agree that we should focus on the costs and budgets of ordinary people, but I have sympathy for the businesses that were lured to invest by the promise of unsustainable subsidies. I have neither sympathy nor respect for the Labour Ministers who set up the scheme knowing full well that the subsidies were unsustainable, and I deeply regret the fact that my right hon. and hon. Friends on the Front Bench, in the previous Parliament and this Parliament, took so long to recognise, at least partially, the folly of the scheme.

No one in this place has any excuse for failing to recognise that the subsidies were never remotely justified. The House insists that when a piece of legislation is published, we publish alongside it an impact assessment of the costs and benefits, so that the House will not be so foolish as to go ahead with a measure whose costs exceed its benefits. Have any Labour Members actually read the impact assessment accompanying the scheme?

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I have.

Mr Lilley: Then the hon. Lady should be even more ashamed of supporting it. The impact assessment published by the Labour Government when the scheme was originally introduced calculated the net present value of the scheme's future costs to be about £8.6 billion, yet the Labour Government also measured the benefits of using solar rather than hydrocarbons and calculated the direct benefits in the shape of electricity and the indirect benefits—far more important—through the reduction in the damage caused by global warming owing to fewer CO_2 emissions. They calculated that the net present value of all the future benefits, direct and indirect, compared with the costs of £8.6 billion, would be just £400 million. In other words, we knew when we introduced this scheme that the costs were 20 times the assessed benefits, but we went ahead anyway.

I brought that fact to the attention of the House, but more importantly it was brought to the world's attention by George Monbiot, a distinguished campaigner—unlike me—for measures to stop global warming, when he wrote:

"The government is about to shift £8.6bn from the poor to the middle classes. It expects a loss on this scheme of £8.2 billion, or 95%. Yet the media is silent. The opposition urges only that the scheme be expanded."

We knew when we introduced the scheme that it would be nonsense even if it went according to plan. It was self-evidently unsustainable. Even halving it today means that we will merely waste £4 billion, or 90% of the expected expenditure.

When I have raised these issues, Ministers have employed two defences. The first is that the impact assessment excluded many knock-on effects. If it did they should have introduced a new one, because impact assessments are supposed to include all the indirect effects. It should not have been signed off by the hapless Minister, Lord Hunt of Kings Heath. Then Ministers pray in aid the fact that the cost of solar energy is declining. They attribute that decline to the scheme, but none of it is due to the scheme, and the idea that our scheme will in any way accelerate the decline in costs worldwide is ridiculous. If something like Moore's law does indeed apply, so that costs are likely to halve every couple of years, that is a reason for not investing now, but instead waiting until it is economic to do so, which will not be long. If we invest in expensive stuff when inexpensive stuff is going to be available in a few years, we are wasting money.

Sarah Newton (Truro and Falmouth) (Con): I am grateful to my right hon. Friend for the background information, which is especially useful for us new Members, who were not here when the policy was discussed previously. He is highlighting an extremely important point. The Government have only so much money to invest in new sustainable energy. It is all the more important to ensure that it is spent wisely, otherwise there will be no opportunity to bring other technologies to market.

Mr Lilley: My hon. Friend is absolutely right, and the argument that such investment creates jobs is—as the Secretary of State will know, being a distinguished economist—completely bogus. We have a fixed amount of money. We can either spend it on gas, oil or nuclear, or we can spend it on solar. If we spend £8 billion on either, we will create roughly the same number of jobs. Spending £8 billion on solar means that many fewer jobs in gas, nuclear, coal and oil. We have not created any net jobs across the economy by means of this subsidy. One never does.

David Mowat: My right hon. Friend is making an extremely powerful speech. In addition to his point about the allocation of £8 billion, is he aware of the recent peer-reviewed research from Imperial college—it was the subject of a Parliamentary Office of Science and Technology note—that said that nuclear power has one third the CO_2 emissions per kWh of solar over its life cycle? That is an extraordinary statistic, which goes right to the heart of the policy.

Mr Lilley: My hon. Friend is absolutely right. George Monbiot pointed out in his original article that it costs about £3 to save a tonne of CO_2 by investing in geothermal energy, and £8 by building a nuclear power station, whereas the scheme that we are talking about costs more like £800 to save a tonne of CO_2.

Not only do we not create any net jobs; we also create only a tenth of the amount of electricity by investing £8 billion in solar than we would by investing in nuclear or something else.

Dr Whitehead: Will the right hon. Gentleman give way?

Mr Lilley: I am afraid that I will not give way again.

I will remind the House of something that may have escaped hon. Members' attention. Even if the price comes down dramatically, solar will never be a substitute for other forms of energy. It will always have to be backed up and duplicated by an equal amount of capacity that can perform when solar is not available. It may have escaped the notice of the House, but the sun comes out only in the day. It is not available at night, when it is coldest and we need most energy. The sun is highest in the sky in the summer; it is lowest in the winter, when it is coldest and we need most energy. The sun is often blocked by clouds, and one cannot predict when that will happen. For every megawatt of solar capacity that we install, we have to install an equal gas capacity to back it up and replicate it. Unless we realise that, and abandon the scheme until solar becomes much more economic, we are wasting the nation's money and, as George Monbiot says, transferring money from poor people's and ordinary people's pockets into the hands of richer people.

6.3 pm

Phil Wilson (Sedgefield) (Lab): If ever there was an example of how not to make an announcement in this House, the announcement of the review of feed-in tariffs is it. The Government tried to slip it out as a written statement, but our ever-vigilant DECC team on the Opposition Front Bench recognised its importance, and managed to get a Minister to the Dispatch Box only by tabling an urgent question. The Government's code of practice on consultations states that they should last 12 weeks, but this consultation is to last only six weeks, with the changes coming into force nearly two weeks before it finishes. Given the dearth of proposed legislation before the Chamber, I would have expected the Government to allow an oral statement and a full-day debate on the issue—not least to discuss the implied loss of jobs. It would be laughable if it were not so serious.

The change will cost a lot of jobs in this sector, in which up to 30,000 people work. It will remove the opportunity for nine out of 10 households to take advantage of the feed-in tariff to reduce their energy bills at a time of rising fuel poverty. The 12 December deadline is causing planned solar projects nationwide to be shelved and millions of pounds of investment to be lost. A survey by the Renewable Energy Association reveals that 57% of companies now anticipate laying off at least half of their staff, while a third believe that their companies will go under.

Let us take the example of Mr Wayne Richardson, one of my constituents who runs Revolution Power—a small renewable energy company employing 17 people. It has been on the go for about six years. Revolution Power fits photovoltaic units and provides ground and air heat pumps. Mr Richardson tells me that he might have to lay off a third of his staff. He is a young man

[Phil Wilson]

with a young family; he is an entrepreneur and a trier. We need more Wayne Richardsons in the north-east to promote and protect jobs in the private sector.

Pat Glass (North West Durham) (Lab): Does my hon. Friend agree that companies such as Romag—a major employer in my constituency that has been in the industry a long time and employs young people and young graduates in its research and development section—recognise the fact that feed-in tariffs are reducing, but are concerned about the shameful way in which this consultation has occurred and the very tight time scale? That is what is going to do them in.

Phil Wilson: My hon. Friend is right. We all agree that the tariff has to come down, but how it is implemented is important. We need to think about the best way of protecting jobs, particularly in the north-east, where I want to see more private sector jobs available.

Wayne Richardson agrees that the value of the feed-in tariff should be reduced, but the cack-handed way in which the Government have introduced this policy is hurting his company. The early reduction in the feed-in tariffs has created a vacuum in the market. As a consequence, parts and materials are in short supply, making it difficult for projects to be finished before 12 December.

One reason behind the reduction is the falling price of installations. Because of the arbitrary deadline of 12 December, however, the price of equipment is going up. The number of inquiries about PV has decreased by 90%, which does not bode well for the future. The FITs scheme is paid for by a levy on energy companies, which is passed on to consumers and costs, as I understand it, only £1 a year. We should compare that with the situation with wind farms. Eon wants to build 45 wind turbines in the constituency. The subsidy from the consumer in that case is close to £200 a year.

The FIT needs to be reduced, but not by 50% in seven weeks. In Germany, where 50% of all PV units are installed, the tariff was cut by 15% and it is being achieved step by step through negotiations and agreement with the industry. Plenty of time and notice has been allowed. I understand that reductions in the tariff there occur year on year so that the industry and consumers can plan ahead—something this Government are daily proving their inability to do. The fact that so little legislation is before the House proves to me that they have no plan and, I suspect, no future.

6.8 pm

Chris Kelly (Dudley South) (Con): Post-privatisation, more than a dozen utility companies provided a great deal of energy competition in this country. Sadly, under Labour, however, the energy market consolidated so that we now have, as the hon. Member for North Cornwall (Dan Rogerson) said, the big six. We also inherited feed-in tariffs in a shambles. It is my belief that the Government's reform of FITs will protect our energy mix.

As the Secretary of State has pointed out, installation costs of solar photovoltaics have fallen by at least 30% since the FITs scheme began. The Government are controlling the cost of the subsidy because the average installation is now around £9,000—down from £12,000—so the rate of return has shot up.

If the Government's proposed reforms are introduced, we will mirror Germany's FITs subsidy levels from January onwards, while still spending £867 million over four years. Money intended to support decentralised energy will not now subsidise energy-inefficient buildings under new energy efficiency requirements, which can only be a good thing. Solar will still be the most subsidised renewable technology, receiving twice the subsidy available for inshore wind. The Government's changes will also protect consumer energy bills. Labour Members must tell us by how much they would be prepared to increase the average household's energy bill in order to maintain high tariffs for solar. The amount might be as much as £55 per household.

Julian Sturdy (York Outer) (Con): My hon. Friend is making some powerful points. It is true that we must make feed-in tariffs more sustainable, although, like many other Members who have spoken, I have concerns about the proposed time scales. Is this not about making the system fairer—fairer for those who are already signed up and going through the process, but also, as my hon. Friend says, fairer for households that are struggling with high energy bills?

Chris Kelly: I agree, but I believe that the consultation timetable is reasonable. I think that people will have time to plan and prepare, and to register installations that are currently under way. In September, 16,000 solar photovoltaic installations were registered, double the number registered in June. There are now 100,000 installations nationally, three times as many as were projected, and the costs of solar PV have fallen by at least a third since the FITs scheme began.

The scheme was designed to encourage deployment of additional small-scale low-carbon electricity generation, particularly by organisations, businesses, communities and individuals who had not traditionally been engaged in the electricity market, many of them in our constituencies. The Government rightly announced the largest reduction in tariffs for the large-scale solar projects. The Government's proposed FITs reductions for domestic solar energy installations are out for public consultation until 23 December, and are due to come in to effect in April next year. I believe that that is a sensible time scale, and I hope that the Secretary of State will consider carefully the submissions he receives.

The Government are right to address payments for FITs from more than one PV installation located on different sites under single ownership. I am thinking of the likes of Asda, which was mentioned earlier. I think that 80% of the full subsidy is a sensible level. The scheme we inherited from Labour was based on wildly inaccurate projections and participation, and therefore on entirely unrealistic financial assumptions. Any programme in any Department must be sustainable and based on realistic finances. Without urgent action, the whole FITs budget would be swallowed up by solar alone within months, depriving other renewable technologies of support through FITs. Microgeneration, for instance, is a key part of the energy mix that we will need for future energy security. The FITs subsidy cannot go disproportionately to solar.

Each week beyond 1 April next year on the old subsidy tariff would cost more than £500,000 per day, or about £3.8 million per week. While £867 million over four years is a sustainable subsidy, more than that would be unsustainable. None of these changes is retrospective, and fairness is therefore being safeguarded. There has been a big fall in solar PV costs, and a big increase in the rate of return. That will exhaust the FITs budget unless it is urgently addressed. The rate of return needs to be reduced from 12% to 5%. The irony is that Labour wants millions of families in fuel poverty to subsidise a few thousand well-off people with solar panels by adding up to £55 a year to the average bill, with no reform of the feed-in tariff.

Several hon. Members *rose—*

Mr Speaker: Order. With immediate effect, I shall reduce the time for Back-Bench speeches to four minutes in the hope of securing the participation of another colleague.

6.14 pm

Susan Elan Jones (Clwyd South) (Lab): It is a pleasure to follow the hon. Member for Dudley South (Chris Kelly), not least because it gives me an opportunity to make the point about the six weeks' notice and the arbitrary date of 12 December—before the official consultation ends—all of which were totally missing from his speech.

North Wales will be deeply affected by these changes. The following points were made in a column in a local newspaper:

"The Government needs to rethink…There could be considerable impact on jobs in North Wales as local electricians as well as local producers for solar panels are preparing to deal with the impact of cancelled orders for work. In Wrexham, major housing projects which included provision for Feed-in Tariffs are now at risk because of the UK Government's decision."

Those are not my words, nor are they the words of any Labour party representative; they are the words of the former leader of Wrexham county borough council, who now sits as a Liberal Democrat Member in the Welsh Assembly. Unfortunately, the Secretary of State is not present to answer the questions raised by that Liberal Democrat representative.

One business constituent of mine tells me customers are now refusing to go forward with work if it cannot be completed by the arbitrary deadline. He says that what the Minister has done to this industry is atrocious.

Nia Griffith (Llanelli) (Lab): Does my hon. Friend agree that this scheme unlocked thousands of pounds of private capital to create jobs in the local economy, and that this Government's mad decision to impose a cut with six weeks' notice will not only completely undermine confidence now, but will put future customers off for ever?

Susan Elan Jones: I entirely agree.

Sharp Solar was mentioned earlier. It has made it clear that big contracts, such as that with Wrexham council to install solar panels on 3,000 council houses, are now in doubt. The 900 installations completed before the 12 December deadline are safe, but no decision has been made on whether the others will go ahead. The stock for that work had to be ordered several months ago, however, and Sharp Solar is now stuck with it no matter what happens.

All the political parties agree that there had to be changes, but the changes could have been made in a way that was manageable, and a proper notice period could have been provided. The Government could have got businesses on their side in order to make the changes work. Instead, we have a total mess.

Businesses have tried to tell the Government about the problems the changes will cause them. Wrexham council leaders wrote to the Government to tell them about the impact of the 12 December deadline on their scheme. They received a reply inviting them to respond to the consultation, but that response will be read only after the deadline has passed. That is totally shambolic. North Wales needs a strong solar industry, but I fear that the so-called "greenest Government ever" have kicked the industry fully in the teeth.

6.17 pm

Nicky Morgan (Loughborough) (Con): I will try to be brief as I know that many Members want to take part in this important debate.

I do not agree with much that the hon. Member for Glasgow North West (John Robertson) said—

John Robertson: That's a surprise!

Nicky Morgan: Exactly. However, I do agree with the hon. Gentleman that this debate is about people. We are talking about our constituents: those who generate energy, those who consume energy, and those who are innovators in the industry.

We have all been diligent constituency MPs this afternoon and have mentioned a number of constituents who have contacted us to say they are affected by this issue. I could talk about Mr and Mrs Willett, who have agreed to install a photovoltaic system with an installation date of 9 January 2012. I could talk about the company PG Plumbing and Heating Ltd in my constituency; it wants me to put a question to the Minister, and I will come back to that. I could talk about Loughborough Solar Technologies, which has contacted me, or the company C Gascoigne, which I mentioned when I asked the Minister a question earlier. I could also mention SmartGen. I thought I should mention all of them so that they can say, "Yes, she's done what she should do as our constituency MP." They are all affected by this decision, and they all have questions for the Minister. However, the key point is that this is ultimately about people—about people when they come to pay their energy bills, as my hon. Friend the Member for Dudley South (Chris Kelly) said.

All the political parties have agreed that there was a need for change. The feed-in tariff scheme as left to us by the previous Government did not add up. The shadow Secretary of State said there would have been a review, but as the Secretary of State pointed out, the last Government had not planned to undertake that review until 2013, which would have been too late.

What do we disagree on? Who is at fault. Is the need for change the fault of consumers who are prepared to generate energy and who wanted to install solar panels? Is it the fault of the companies that have taken advantage of the generous scheme that was on offer? No, the fact

[Nicky Morgan]

that we are having to change the scheme and affect the constituents who have contacted me as well as many others is the fault of the previous Government, who left us with a wholly unsustainable system.

Stephen Lloyd *rose—*

Nicky Morgan: I am not going to take any interventions. I have been asked to be brief and it is only fair that I should be so that other hon. Members can speak.

This is the fault of the previous Government and the one word that was missing, as always, from the shadow Secretary of State's speech—as it is from those of any shadow Secretary of State—was the word "sorry". She should have said sorry to those consumers who face higher bills, who thought they had agreed things and who are now having to deal with the date of the cut-off and the changes to the tariff.

The House needs to discuss how to ensure that there is a sustainable system so that we have certainty for tariffs. As my right hon. Friend the Member for Hitchin and Harpenden (Mr Lilley) said, it is not the Government's role to support bubbles. Unfortunately, when we are left a bubble by the previous Government, this Government have to burst it. We have to face the realities of the situation and we will potentially get it in the neck, as we have with the other decisions we have had to take, for dealing with the mess left to us by them.

I have some points for clarification. First, will the Minister confirm whether the cut-off date in December is the date of installation or the date when the application for the tariff has been processed? Secondly, I and other Members would appreciate some explanation of how the consultation dates work. Obviously, we have been given the date of 12 December and the consultation closes after that. It is worth addressing that point. Finally, I mentioned the company Loughborough Solar Technologies, which would appreciate a clear commitment from the Government to the industry—

Mr Speaker: Order. We are extremely grateful to the hon. Lady.

6.21 pm

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Like so many others, I am deeply concerned by the Government's proposals for green energy and the devastating impact the cuts to feed-in tariffs could have on thousands of jobs within my constituency and across Britain, not to mention the sheer irony as the Government renege on their commitment to be the greenest Government ever.

In the past year, nearly 200 families within my council boundary have installed solar power. It is a great way for people to make their homes greener and more efficient and to protect themselves from soaring energy prices.

Laura Sandys: I must point out that although Opposition Members are talking about the total collapse of this industry, households will, on average, get £500 tax-free every year. That might not be £1,000, but it is an extraordinary incentive to companies to sell and households to purchase solar panel products.

Mr Clarke: I am glad that the hon. Lady made her point but, if she does not mind, I shall continue to make mine.

Skyline, a local company in my constituency, made representations to me over the weekend. In partnership with the AVC Group, Skyline has recently opened a brand-new purpose-built premises in Shawhead in Coatbridge. The managing director, Mr Robert Bell, explained to me:

"In this new venture Skyline in partnership with the AVC Group are now introducing solar energy sales, installation and advice to our existing business. A new trade counter will be available covering all aspects of aerials, satellite and renewable energy products.

Skyline and the AVC Group share the new premises. This will help consolidate our main business activities and help Skyline to secure more jobs for local people.

Our training facility will also be used by external companies seeking to train their employees in ladder training at special heights underpinned with customer care."

The level of entrepreneurship exhibited in my constituency is, quite simply, being placed at risk by the Government. Not only are the Government proposing to cut feed-in tariffs by half so that demand for solar power is reduced by a staggering 92%, they want to do so retrospectively. That means that people with businesses who have already invested in solar power will have to abandon their schemes if they cannot afford the new rate.

I suspect that councils up and down the country will have to pull the plug on thousands of solar panel installations for social housing and community projects. We have heard evidence of that this afternoon. I wrote to the chief executive of north Lanarkshire council and a variety of housing associations in an effort to establish the extent of the Government's cuts to solar power. It is clear that the new regulations imposed by the Government alongside the tariff reduction will make solar energy inaccessible to most people in my constituency.

Mr Brian H. Donohoe (Central Ayrshire) (Lab): One issue to be addressed is that of customers who find themselves halfway through a contract and who will not now get solar power. They will be betwixt and between because they will not have the opportunity of getting that solar power up and running. Is that not a major issue that the Government have not looked at in the consultation?

Mr Clarke: My hon. Friend makes his point very effectively, and earlier our hon. Friend the Member for North Ayrshire and Arran (Katy Clark) highlighted what he has just said.

The *Financial Times* today reported that the Secretary of State for Energy and Climate Change is considering

"new limits...on subsidies for households that install renewable energy...as he looks to defuse anger"

about the cuts. I only hope that his words translate into action, as the Government's own impact assessment reveals that nine out of 10 households will be locked out of the solar energy market. How can that be justified by the so-called greenest Government ever? I will continue to oppose the devastating impact of their attack on feed-in tariffs and I shall fight for a fairer deal for the people of my constituency who are finding it very difficult to cope with rising energy prices. Yes, the solar industry does need to be regulated and, yes, reductions in tariffs do need to be made as energy becomes cheaper,

but not on this scale and not so that it is essentially wiped out as an alternative for the average household and small business. It cannot be right that the Government are hitting people who are trying to do the right thing by cutting their energy bills. Their proposals for feed-in tariffs will hit families, put thousands of jobs at risk and devastate the solar industry. That is the reality of what we are debating. The Liberal Democrats once again find themselves between a rock and a hard place as the Government plough ahead with irresponsible cuts that strike at the very heart of what we are told were their core beliefs. If the coalition Government truly strive to be the greenest Government ever, they cannot seriously expect the public to stand by as the solar industry is cut down in its prime—just as the number of companies operating in solar has risen from 350 to 4,000 and as clean energy jobs have soared from 3,000 to 30,000 since 2010. That would simply be unsustainable and unacceptable, certainly to my constituents and the small companies in my constituency.

6.28 pm

Sarah Newton (Truro and Falmouth) (Con): As I have written to my hon. Friend the Minister regarding the concerns raised with me by constituents, I shall not list them all this evening. I was very reassured by the Secretary of State's assurance that the consultation on the proposed changes to the feed-in tariff is genuine. I am sure that he will listen very carefully to all the arguments and read carefully all the comments from my constituents that have been given to him.

Neil Parish (Tiverton and Honiton) (Con): I should very much like to ask the Minister to clarify the situation regarding the tariffs and whether they will be retrospective. Mid Devon council in my constituency has 1,800 homes on which it wants to put solar panels. Two thirds of those people are on housing benefit and they would get the benefit of £3 a week off their electricity bill, so I am very concerned about the retrospective side of the tariff.

Sarah Newton: I think my hon. Friend has made his point.

In the few moments I have left, I should like to develop the good points made by my right hon. Friend the Member for Hitchin and Harpenden (Mr Lilley) and my hon. Friend the Member for Dudley South (Chris Kelly), who rightly reminded us that the Government have only so much money to give away in subsidies and that they need to support a wide range of sustainable and green ways of producing energy.

Katy Clark: Will the hon. Lady give way?

Sarah Newton: I am sorry, I will press on so that more Members can speak.

I am concerned that we should not use up all our resources, as we need to support emerging technologies. It is vital that we do not spend all the money on FITs for PVs. The Government have introduced a wide range of really good policies that support the emergence of new technologies in my constituency. For example, recent investment by the regional growth fund in deep geothermal engineering will leverage in £42 million of private sector investment, alongside nearly £1.5 million from the Department of Energy and Climate Change to create the first deep geothermal power station in my constituency. That is a sustainable and inexpensive way of producing energy, and DECC has estimated that it could produce up to 10% of the electricity that the UK needs. That is a very good investment, and the Government are to be congratulated, at a time when there are limited resources, as that deep geothermal energy plant will create thousands of jobs in the company and up to 9,000 jobs in the supply chain around Cornwall for the development of that new and exciting technology.

I very much welcome the fact that, this winter, the renewable heat incentive will be made available to commercial businesses and a limited number of consumers installing ground heat pumps and other sources of renewable heat. I hope that, through that work, lessons will be learned so that we can end the debacle that we inherited with FITs. The renewable heat incentive will play an enormously important role in our energy security and in making sure that people switch to sustainable, green energy sources, so I hope that it does its job and works well.

6.31 pm

Katy Clark (North Ayrshire and Arran) (Lab): I am grateful for the opportunity to pay tribute to Alan Simpson, the former Labour MP who tabled the amendment that led to the legislation on FITs. I am sad that the present Administration have succumbed to the lobbying power of the big six energy companies by taking the first step in the erosion of FITs in this country. Government Members have mentioned Germany, which has a strong FITs system, and its tariffs led to far lower energy prices than we have in this country. FITs are about where the power is, and one of their impacts is to transfer power from the energy companies to individuals—to the consumer—and to communities. That is why I am sad that the Government have introduced these proposals.

Gregory Barker: On a very important point of fact, energy prices in Germany are not lower. The cost of electricity to the German consumer is significantly higher and, importantly, 45% of the consumer's bill there is made up through levies and policy impacts as a result of renewables legislation.

Katy Clark: As the Minister will be aware, energy prices in Germany are at the levels they were in 2008, which is a very different situation from the one we are in. Opposition spokespeople have already spoken about the bills that individuals and businesses have to face under this Government.

The Government are rushing to introduce their proposal, which will cause havoc for all the reasons outlined by many Opposition Members and, indeed, by some Government Members, because they chose to put a ceiling on the solar FIT budget. That was not the position under the previous Government. Will Ministers explain whether they have looked at surpluses in other renewable energy budgets, and ask the Treasury if they can use those budgets to ensure that more money is available for solar, given the runaway success of the scheme?

Dr Whitehead: Would my hon. Friend be surprised to learn that the impact assessment that went with the present changes showed that the budget that this Government introduced would not be exceeded by more

[Dr Whitehead]

than 9% up to 2015? Further to her suggestion that the Treasury might find the money to put matters right, will she suggest to the Minister that if he looks at his own budget and the Treasury rules within it, he could solve the problem now?

Katy Clark: My hon. Friend puts a powerful case. Perhaps Government Members should read the Opposition motion before them. There is acceptance on both sides of the House and within the renewable energy industry, both among consumers and among those who manufacture and install the equipment, that a review of the tariff rates is needed. The problem with the Government's proposals is the short notice, which has come about because of the rules that the Government created for themselves. I therefore ask the Government to withdraw the arbitrary 12 December deadline and introduce more measured proposals. If Government Members agree with that, the only option available to them this evening is to vote for the Opposition motion.

We have heard a lot from the Government about their being the greenest Government ever, but the proposal that we are discussing shows what a lie that is. The only way to bring renewable energy into mass use in this country, with the economies of scale that make it a viable option for most people, is by providing incentives now for those who are leading the trail. We need a Government with vision, who are committed to developing our renewable energy industry and to combating climate change.

The only way for the Government to achieve those aims is to commit themselves fully to feed-in tariffs and to create a regime that ensures certainty in the market, so that the financial sector, both in the private and the public sectors, knows that it can invest in renewables because there is certainty about the deal on the table. Such a regime will ensure that we have a green Government and a green Britain. I urge the Government to show vision and to re-examine their proposals.

6.37 pm

Glyn Davies (Montgomeryshire) (Con): Thank you, Mr Deputy Speaker, for allowing me to contribute to an important and complex debate. The issue has a significant impact on Montgomeryshire. I know that many other Members have received communications from people who are concerned about the changes to the feed-in tariff.

The core issue is the tension between desirable objectives. On the one hand, we seek to tackle the carbon emissions that threaten our planet through climate change, and renewable energy is a significant part of that. On the other hand, we have to look after consumers. We heard earlier about the impact on the poorest people in society, because the subsidy has to be paid by consumers. That includes probably millions of people who are already suffering fuel poverty. It would be irresponsible of the Government not to consider those who might be driven into fuel poverty if they adopted a cavalier approach towards the subsidy required for the feed-in tariff as it was.

The Government remain committed to a variety of energy sources. Nuclear is clearly an important part of that. Renewables have a big part to play—tidal, possibly shale gas, offshore wind and even solar. Just because there is a change in the regime, I do not believe that solar will be put on the back burner at all.

The problem with feed-in tariffs for solar PV is that they have been far more successful than anybody ever anticipated. A number of Members have mentioned that today. Three times as many applications have gone ahead as could have reasonably been expected. In September alone there were 16,000 new applications. We saw the graph that the Secretary of State showed us earlier—it looked like a hockey stick. If action had not been taken now, the whole tariff scheme would have become completely unsustainable.

Mel Stride (Central Devon) (Con): Does my hon. Friend agree that not only would the FIT scheme become untenable, but the jobs created in the short term through the gold rush to get into the marketplace would quickly evaporate? What we want is long-term, sustainable jobs, hence the need to bring the FIT down.

Glyn Davies: I very much agree with my hon. Friend; it is a point I made in an earlier intervention. I thought that the Secretary of State's reference to a Catherine-wheel was a wonderful analogy. A quick burst followed by a reduction in the number of jobs in the long run as a result of not doing something about the scheme would be entirely negative. Any scheme must be sustainable, and the problem with the scheme as it stood was that it was completely unsustainable.

When I first heard about the predicted change, I was as concerned as anyone, which is why I listened to the Secretary of State's statement very carefully. Afterwards, I understood that the Government had absolutely no choice but to go forward with the changes they have made. That is the only way the scheme can be sustainable in the long term. The issue is the timetable. I was greatly relieved that he pointed out in his contribution that there is a consultation period. If people have lost money—not making less money than they were before—we need to put those cases forward and I hope that he will take them seriously and consider their special circumstances.

6.41 pm

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): We have had an important debate and a number of significant points have been made by many hon. Members despite their speaking for a limited time. My hon. Friends the Members for Ynys Môn (Albert Owen), for Ayr, Carrick and Cumnock (Sandra Osborne), for Glasgow North West (John Robertson), for Sedgefield (Phil Wilson) and for Clwyd South (Susan Elan Jones), my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr Clarke) and my hon. Friend the Member for North Ayrshire and Arran (Katy Clark), among other Members, made important points about the Government's changes to the feed-in tariff. We could no doubt have had a somewhat longer debate had time not been curtailed by the Secretary of State's lengthy urgent statement earlier this afternoon and his lengthy speech at the start of the debate, but I want to keep my remarks as brief as possible to enable the Minister to respond. A number of important issues have been raised and I am sure that he wants to respond to them.

The Minister is a politician that many of us have come to appreciate, especially in his recent works, as a master of his art. The reduction in the feed-in tariff

"effectively slowly suffocates the growth that the policy has so far encouraged."

Not my words but those of the Minister's close colleague, Boris Johnson, the Mayor of London.

"Industry trust and confidence in the government has evaporated."

Again, not my words but those of the CBI. The new rates mean

"that unless you have significant savings, you're unlikely to be able to afford solar panels".

Once more, not my words, but those of Friends of the Earth. The ability to build such a consensus against his own policy is a formidable feat on which I congratulate the Minister.

I would also like to pay tribute to the Minister's transformational skills. In a few short weeks, he has managed to turn a policy that was admired, appreciated and effective into a shambles that is mired in confusion, contradiction and potential legal challenge. However, he is a man of great foresight and has the extraordinary ability to set a consultation with an effective date close to two weeks before the close of the consultation. It is a remarkable record from a remarkable Minister. I can only look on in awe and wonderment at his abilities and only aspire never quite to plumb those depths myself.

Pat Glass: Does my hon. Friend agree that the issue for the consumer is not the £1 each that the feed-in tariffs will cost, but the fact that the Government have clearly and demonstrably failed to tackle the big six energy companies that are taking massive and obscene profits from the British consumer?

Tom Greatrex: My hon. Friend is entirely right. When the Minister, as he is about to do, following the example of the Secretary of State, makes points about consumer bills and compares the £1 cost with the £1,345 for the average annual bill, which is 0.08%—less than a tenth of 1%—I think that the figures speak for themselves.

Andrew George *rose—*

Ben Gummer (Ipswich) (Con) *rose—*

Tom Greatrex: I am afraid I am going to make some progress, because I want to give the Minister time to respond.

The Government have endangered an industry in its very infancy and, as my hon. Friend the Member for Ynys Môn made clear, sent to the rest of industry a signal that is doing the UK a lot of damage. It suggests that we cannot rely on what the Government say because they will change their position with scant consultation, no planning and in an arbitrary way. As E.ON said only yesterday,

"this sort of action creates uncertainty for business, and will have a negative impact".

The Minister has argued that there is a pressing need to reduce costs, that installation costs have fallen and that the subsidy must follow, and, despite the Secretary of State's best attempt to muddy the waters earlier, no one argues with that—not the solar industry, not consumer organisations and not the Opposition. Indeed, it might take him six months to answer his correspondence, but, as he well knows, trade bodies have argued for months that there should be a sensible, structured reduction in the subsidy—not a jump off the landing, but a walk down the stairs.

The Government's consultation states that installation costs have reduced by 30%, but it is no good the Minister getting to his feet and citing the cost of panels in isolation from other costs as a way of justifying the 70% figure from Bloomberg, because, if installation costs have reduced by 30%, why is the tariff being cut by 52% in one go? Perhaps, as he has claimed before, it is part of his cunning plan to cut energy bills, but, as my hon. Friend the Member for North West Durham (Pat Glass) has made clear, that attempt will just not work.

Andrew George: Will the hon. Gentleman give way?

Tom Greatrex: I will make a little more progress and then I may be able to give way. I am conscious of the time and of the Minister needing to respond.

The important point is that the Government's policy will also cost: it will cost some of the 25,000 jobs; it will cost some of the 3,000 businesses; and it will cost people's confidence in the UK as a place to invest. It is shameful to pull the plug on one of the few industries providing growth and jobs, which are nowhere else in the economy, for the sake of £1 a year on a bill. It is short-sighted to put at risk 25,000 jobs and, thereby, reduce tax revenues and increase benefit payments for £1 a year. Throughout the country it will cost community projects, which are being cancelled, co-operative models that are being developed, social housing schemes and people's sense of involvement in electricity generation in this country.

It would be unfair of me to suggest that the Minister, as much as he has united people in opposition to the policy, is without friends. He has a very supportive Secretary of State, with a burgeoning reputation for collegiate behaviour in government and loyalty to his colleagues. He is also known to dabble in Twitter, so I am sure he has made the Minister aware that there is, indeed, a SaveGregBarker Twitter feed. It has 18 followers, but perhaps it will have some more after today's debate.

There are more than 18 of the Secretary of State's hon. Friends who have expressed concern at his Department's action on feed-in tariffs. However, some 24 Liberal Democrats have signed early-day motion 673, which states that

"the feed-in tariff scheme will provide much needed stability for the expansions of renewables up to...2013."

Andrew George: The Labour motion before us turns on its penultimate line, which refers to "more measured proposals". Members from all parts of the House want a more sustainable solution than the current one, but what are these "more measured proposals" and how they are going to be paid for?

Tom Greatrex: The hon. Gentleman, as a signatory to early-day motion 673, has expressed his concern about those issues, and I will go on to make a couple of remarks about what we need to do next, following his support for the motion before us and that of his colleagues who signed the early-day motion.

Indeed, the hon. Member for Manchester, Withington (Mr Leech), who is no longer in his place, was quoted on the Friends of the Earth website last week, saying:

[Tom Greatrex]

"Solar has been the real success story...We can't afford to jeopardise thousands of jobs by slashing the feed in tariff and creating uncertainty, giving the industry no time to adjust."

The hon. Member for Lewes (Norman Baker), a Minister no less, says on his website that he has concerns

"about the speed and level of the proposed changes for community size projects and I am therefore asking the Secretary of State to examine urgently the case for some flexibility".

The Secretary of State's own Parliamentary Private Secretary, the hon. Member for Chippenham (Duncan Hames), quoted in the *Financial Times* this morning, said that we should look at the German model of gradually reducing support rather than, as I described it earlier, jumping off the cliff.

If all those friends of the Secretary of State want to be friends to the Government—I understand their desire, however misguided, to support the Government—and if they want to get the Government to right their mistakes; if they want to repair some of the damage of the past few weeks; if they want a sustainable and sensible model for support going forward; if they want to walk down the stairs rather than jump off the landing; if, perhaps, they want to "SaveGregBarker", they must vote for the motion this evening. They should look at the wording of the motion, which is about having a sustainable, sensible, gradual approach rather than making a sudden cut that is putting people, jobs and businesses in jeopardy and leaving consumers high and dry. Let us help rescue the Government from the mess that they have made for themselves, and support the motion this evening.

6.50 pm

The Minister of State, Department of Energy and Climate Change (Gregory Barker): I believe in the huge potential of solar. Like my hon. Friend the Member for Sherwood (Mr Spencer), who made an excellent speech, I believe it is a terrific technology. It is intuitive, dynamic, attractive to consumers and easy to install, and I am determined to see it at the heart of the coalition's ambitious plans to bring decentralised energy to millions of Britain's homes, communities and businesses. What is more, unlike the right hon. Member for Don Valley (Caroline Flint), I campaigned for it, voted for it and genuinely believe in it.

However, for those of us who are passionately committed to the green agenda, there are two great threats in these difficult economic times. First, and obviously, there are the climate change deniers, but secondly, and I think even more dangerously at the moment, there are the deficit deniers. There is no greater bunch of deficit-denying opportunists than Opposition Front Benchers, who seem to think that the green economy lives in a vacuum, immune to the economic realities confronting every other sector of the British economy and to the impact that that has on consumer bills.

The fact is that Labour was wrong to vote against feed-in tariffs in November 2008. It was also wrong to introduce them in April 2010 without any budgetary control mechanism at all, and wrong to ignore lessons from the successful FITs model in Germany. It was wrong to ignore totally the potentially huge impact that FITs could have on the fuel-poor in particular, and catastrophically wrong earlier this year when it insisted that our early review of large-scale feed-in tariffs would butcher the entire UK solar industry. In fact, following that statement by the Labour Front Benchers, the deployment of solar technology has risen by more than 300%, and it has risen more than tenfold since the beginning of the year. The statistics are staggering.

No wonder Which? has stated:

"It's right that the Government properly controls spending on Feed-in Tariffs as everyone pays for this scheme through their energy bills."

No wonder the chief executive of Consumer Focus has said:

"The Government is taking a sensible approach to protect energy bill-payers with the proposed changes to Feed-in Tariffs. Incentives to overcome the high set-up cost of solar panels and help make our energy supply greener are necessary. But the cost for this is passed onto bills of energy customers and we need to strike a balance."

That is exactly what we need to do—strike a sensible balance between our high ambition for decentralised energy and recognising the costs of what is still the most expensive to support of the whole array of decentralised technologies.

Unfortunately, Opposition Front Benchers bury their heads in the sand. The notion that spending billions on solar would cost no more than £1 on people's bills is from cloud cuckoo land. They clearly have not yet got up to speed with their brief. They will know from the impact assessment that we published in September that the central estimate is that it would add £28 to bills every year by 2020. Since then the estimate has risen again, and the higher estimate is £55. We now know, given the level of deployment in October, that if we did not act now it would add up to £80 to everybody's electricity bills.

Tell that to the 5.5 million people whom Labour left in fuel poverty. Let us not dwell on the fact that Labour cannot add up and are a bunch of deficit deniers. We know that because of the state they left the economy in.

Some very sensible comments have been made in this debate, and I am very grateful to all colleagues.

Dr Whitehead: On the impact assessment that the Minister himself carried out, does he accept that the £26 is relevant only if the tariff at its present level continues until 2015, which was never the scheme's intention in the first place, on anybody's reckoning? Will he withdraw that suggestion and replace it with what is the case in the impact assessment? *[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order, Minister. Has the hon. Gentleman finished his intervention? Right, now it is the Minister's turn. I think that we will decide, thank you.

Gregory Barker: I am afraid that the hon. Gentleman is wrong. The impact assessment relates to no change until April next year, and then there will be degression, as planned by the Leader of the Opposition when he was in government and set up this poorly conceived scheme last year. So, as I say, I am afraid that he is incorrect on that point.

We have had some extremely sensible contributions. The one from my hon. Friend the Member for Montgomeryshire (Glyn Davies), in which he flagged up the impact that the scheme will have on not only fuel

bills but the fuel-poor, was absolutely right. Too often the voice of the fuel-poor is distorted. Yes, it is great for the few thousand who may benefit from solar panels in social housing, but what about the other 5.5 million whom Labour left in fuel poverty, who will not benefit but would still face the prospect of £80 on their electricity bills? Go and tell the other 5.5 million people who will be left out how they are going to find the extra £80 if we do not act now.

My hon. Friend the Member for Dudley South (Chris Kelly) was spot-on in his analysis and my hon. Friend the Member for Loughborough (Nicky Morgan) was right. I am afraid there is absolutely no sign of anything that even looks like a "Sorry" from Opposition Front Benchers for the mess they made of setting up the scheme. My hon. Friend the Member for Truro and Falmouth (Sarah Newton) was right: we need to learn the lessons from Labour's failed scheme, particularly because although the feed-in tariff scheme supports solar, it also supports a whole range of other technologies. We must not forget that. We want a diverse, innovation-rich, decentralised energy economy, and there is a lot more to the feed-in tariff scheme than solar alone, important though that is.

My hon. Friend the Member for Sherwood made excellent points about Germany. He was spot-on when he said that we need to pull solar into the mainstream of the green economy, rather than leaving it as a bubble in a silo at one side. That is why the launch of the green deal will bring solar into the mainstream. That is a very exciting proposition. The hon. Member for North Cornwall (Dan Rogerson) also made some excellent points, and I share the view that we need to have a consistent regime. [Hon. Members: "They're all on your side."] The hon. Member for Rutherglen and Hamilton West (Tom Greatrex) listed and spoke at length to Opposition contributions. I have very limited time, so I am going to mention those from my hon. Friends first.

However, I recognise that there is genuine concern about the implementation of the reference date of 12 December, and that it will be a real challenge for a lot of companies. We did not do this lightly. We have had to move quickly in order to protect the budget. Unfortunately, if we had not done so we would have had to do what Labour did in the past and close the scheme completely. We will not do that. We are protecting the scheme for the long term and for sustainability. This is a genuine consultation. We are constrained by the budget and by demand, which is going through the roof, but at the same time, I am listening carefully to the many sensible representations—

Mr Alan Campbell (Tynemouth) (Lab) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Question put accordingly (Standing Order No. 31(2) and Order, 14 November), That the original words stand part of the Question.

The House divided: Ayes 226, Noes 297.

Division No. 400] **[6.59 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hopkins, Kelvin
Howarth, rh Mr George
Irranca-Davies, Huw
Jackson, Glenda
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne

McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murray, Ian
Nandy, Lisa
Nash, Pamela
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Robertson, Angus
Robertson, John
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Nic Dakin and Graham Jones

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Benyon, Richard
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
George, Andrew
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David

Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Shelbrooke, Alec
Shepherd, Mr Richard
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Norman Lamb and Jeremy Wright

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2) and Order, 14 November), That the proposed words be there added.

The House divided: Ayes 292, Noes 220.

Division No. 401] **[7.13 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Benyon, Richard
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
George, Andrew
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline

Leadsom, Andrea
Lee, Jessica
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Pawsey, Mark
Penning, Mike
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Shelbrooke, Alec
Shepherd, Mr Richard
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Wallace, Mr Ben
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Norman Lamb and Mr Shailesh Vara

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hopkins, Kelvin
Howarth, rh Mr George
Irranca-Davies, Huw
Jackson, Glenda
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McDonagh, Siobhain
McDonnell, John

McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murray, Ian
Nandy, Lisa
Nash, Pamela
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Robertson, Angus
Robertson, John
Rotheram, Steve
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Graham Jones and Nic Dakin

Question accordingly agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No.31(2) and Order, 14 November).

Resolved,

That this House notes that the previous administration only introduced a feed-in tariffs scheme following pressure from Liberal Democrat and Conservative hon. Members; further notes that during the period up to October 2011 over 120,000 UK solar installations had been completed; further notes that this is three times the deployment expected by the previous administration; recognises that no commercial-scale solar PV schemes were expected by the previous administration; further notes that the cost of PV panels has fallen by at least 30 per cent. since the current tariff was introduced and that the previous administration set the tariff levels for solar PV to deliver a five per cent. index-linked return; regrets that the previous administration did not draw on the experiences of Germany in setting a sustainable and predictable digression of tariffs; further notes that failing to act could add £26 to the domestic electricity bill of all consumers in 2020 including the 5.5 million people left in fuel poverty by the previous administration; further regrets that the previous administration did not introduce a community tariff; believes that the Government is right to bring the tariff levels back in line with the rates of return envisaged; acknowledges that it is right to link support under feed-in tariffs to energy efficiency and the Green Deal ensuring the most cost-effective carbon abatement measures are introduced first; supports a consultation on the introduction of a community tariff; and further believes that the Government is putting feed-in tariffs on a long-term, fair and sustainable footing.

Mr David Burrowes (Enfield, Southgate) (Con): On a point of order, Mr Deputy Speaker. Something happened to one of my constituents today that is of fundamental importance, I believe, to all hon. Members regarding constituents' access to Parliament. My constituent attended a Palestine lobby, similar to one she has attended on many previous occasions, but on this occasion things were different. As she arrived at security, a police officer confiscated her lobby briefing material and told her that she was not allowed to have anything of a political nature. In fact, she was told that this was a direction from the House authorities. The officer then spoke to a senior officer, who gave the same response. Eventually, the material was returned to her, but she was told, "Yes, we will return this material, but do not do this again." I ask your advice, Mr Deputy Speaker. Was this a direction from the House authorities? Will you confirm that constituents are not allowed to have anything of a political nature with them when they attend Parliament?

Mr Deputy Speaker (Mr Lindsay Hoyle): This is a matter for the staff and the police. The hon. Gentleman will know that we do not discuss security issues or what has gone on as a matter of security, but he has put his views on the record. I am sure that the authorities and security will look into the matter, and I am sure that someone will come back to the hon. Gentleman now that he has raised it on the Floor of the House.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

CONTRACTING OUT

That the draft Local Authorities (Contracting Out of Community Infrastructure Levy Functions) Order 2011, which was laid before this House on 7 September, be approved.—*(Bill Wiggin.)*

Question agreed to.

Bowel Cancer Screening

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Goodwill.)*

7.27 pm

Guy Opperman (Hexham) (Con): Thank you, Mr Deputy Speaker, for giving me the opportunity to raise this matter in the House. Bowel cancer affects men and women, and it is the second-highest killer after lung cancer. The debate is, I suggest, both timely and genuinely needed.

I have personal experience of the NHS that is probably too long to list. When I was a jockey, I was saved by a gastro-surgeon at Warwick hospital. I hoped I was riding the winner at Stratford races, but we turned over and the horse ruptured my spleen, perforated my left kidney and broke nine bones in my ribs. I can assure the House that it hurt a great deal. The surgeon saved my life on that occasion. Subsequently, it is well known that I had a meningioma in April and was recently given the all clear by Mr Neil Kitchen and the amazing staff at Queen Square hospital in north London.

My grandmother was an NHS matron and I have had bowel cancer screening. Certain family members have had this cancer, so I had the colonoscopy that was medically advised in those circumstances. I would certainly not be an MP were it not for the campaigns I waged on behalf of Savernake hospital in Wiltshire, where I was born; that hospital also saved my mum's life.

I would like to declare an interest as a taxpayer. The NHS's approach to individual screening is surely an issue in which we should all be interested—from the point of view of prevention of loss of life and the maintenance of good health, but also in respect of how NHS funding, which is clearly finite, is spent on preventing future problems.

I pay tribute to the Beating Bowel Cancer regime, to Cancer Research UK, to the British Society of Gastroenterology, and to Professor Wendy Atkin, her funders and the 170,000 volunteers who took part in her definitive study of flexible sigmoidoscopy, which is known as a flexi-scope. I also pay tribute to Imperial College London, University College London, the University of East Anglia and St Mark's hospital, and to the variety of doctors, constituents, charities and members of the public who have worked so hard to combat this problem and have helped me to prepare for the debate—including the clinicians, particularly Dr Colin Rees.

As a Member of Parliament representing a constituency in the north-east, I am proud to say that the north-east leads the way in bowel cancer screening. It was the first to complete coverage of an entire region in April 2010.

Before I embark on the substance of my argument, I also make an apology on behalf of my hon. Friend the Member for Stratford-on-Avon (Nadhim Zahawi), who sponsored the Beating Bowel Cancer reception in the House last year. Much to his regret, he cannot be here tonight. He is a good friend of mine, but he is well known in the House—and, indeed, throughout the world—for having worn the Beating Bowel Cancer tie, which I am now wearing, in the Chamber after that reception. My hon. Friend, who has quite a generous build, was attempting to restrain that generous build with his suit when he accidentally touched a button on the tie, setting off a melody that lasted for nearly two minutes. Madam Deputy Speaker virtually extracted him from the Chamber. I understand that the incident was reported in 25 countries, and did more for the screening of bowel cancer worldwide than anything that anyone has said since.

I have no future as a surgeon, and I assure the House that I have removed the bottom half of my own tie so that there is no possibility of my being extracted from the Chamber for being too musical.

Let me now make some serious points about the clinical position. Traditional bowel cancer screening involves the faecal occult blood test, known as the FOB. In the last few years 11 million people in the country have been offered the test, 6 million have accepted it, 120,000 scopes have followed, and 12,000 diagnostic findings of cancer have resulted. It is clear from the statistics that lives have been saved. Previously those screened were aged between 60 and 69, but screening has now been extended to those aged between 60 and 74. It should be noted that the north-east—leading the way, as it does so often in a medical context—was the first region to extend the age group.

Tragically, take-up of that vital free NHS screening is only 54%, whereas take-up of breast cancer screening is 74% and take-up of cervical cancer screening is 79%. However, the situation is changing. Professor Wendy Atkin and her team have brought flexible sigmoidoscopy to the forefront of bowel cancer screening. The results of their 16-year study were definitive. Their randomised trial, which followed 170,432 people, established that the flexi-scope examination reduces the incidence of bowel cancer in those aged between 55 and 64 by a third. Mortality was 43% lower among that group than it was in members of the control group.

The flexi-scope test works by detecting and removing growths on the bowel wall, known as polyps, which can become cancerous if left untreated. It can prevent cancer from developing by removing polyps before they become cancerous, and provides long-lasting protection from bowel cancer.

Harriett Baldwin (West Worcestershire) (Con): I congratulate my hon. Friend on securing this very important debate. Does he agree that screening for certain kinds of hereditary cancers, such as non-polypsosis colorectal cancer, should begin at a much earlier age, and should take place relatively frequently throughout the lives of those who are screened?

Guy Opperman: I do indeed. I welcome the fact that the guidelines from the National Institute for Health and Clinical Excellence have changed to allow screening to become considerably more frequent in such cases. I am sure that the Minister will comment on that.

Flexi-scope screening will undoubtedly save thousands of lives. FOB screening saved 700 to 1,000 lives a year, and flexi-scope screening will save about 3,000 lives a year. To confirm that, the Government implemented a pathfinder project in three areas. Unsurprisingly, two of those areas were in the north-east, this country's leading medical region. The three areas were South of Tyne and Wear and Tees, along with Derby. The pathfinder findings are with the Department of Health and have not yet been published, but I can assure the House that, in broad terms, they accord with Professor Atkin's findings. Last October, the Prime Minister announced a

proposal to pilot the scheme nationally in 2012, but there are clinical and funding issues that need to be addressed.

First, when is the Department of Health going to invite bids for the follow-on pilot process, given that that was supposed to be done in 2011 and it is now 23 November?

Secondly, clinicians raise the specific concern that the flexi-scope system is only manageable if we have a sufficiency of trained nurse endoscopists, so where are we in respect of this crucial training? Even with the most amazing piece of equipment, if we do not have the people to operate and interpret it, it is useless. Under this scheme, several hundreds of thousands of endoscopies will have to be carried out, with colonoscopies to follow in about 10% of cases. Therefore, everything will depend on training.

Thirdly, how does the Department of Health plan to assess its age groups? My understanding is that the current group of 60 to 74-year-olds will have FOB testing, and those aged 55 will have a flexi-scope. That is relatively clear, but what will happen for gentlemen and ladies in the 56-to-60 age group is not at all clear. Will they be offered the flexi-scope as well, or is that to be based solely on GP referral? Trusts need guidance on what they are to do with such a large and unknown number of people, as they need to plan budgets, staffing and much more besides.

Fourthly, we need to assess what we are going to do with those who have a flexi-scope at 55 and receive the all-clear and then reach the age of 60. Will we rescreen? Anyone who has ever worked in the health industry will know that there is "health speak", and in this case the following question would be asked: "What is the parallel screening modality for the future?" As always, "health speak" is gibberish, but the simple question here is: are we going to rescreen people who are fine at 55?

Jim Shannon (Strangford) (DUP): I have also gone through the screening process because of a family history of cancer. My GP and consultant at that time said the screening would have to be done again in a year's time and then again a year later, in order to be absolutely sure. Has the hon. Gentleman considered whether there should be checks not just every now and again, but on a periodic basis?

Guy Opperman: It is ultimately up to the clinician—which it should be, frankly. The Minister must say how this policy will be implemented, but it should always be clinically driven.

Fifthly, trusts need confirmation that the pilot projects to be implemented next year will be funded from national funding.

I want to turn briefly to the financial case. The researchers behind the Atkin study suggest that the screening programme will reduce the costs associated with treating people with bowel cancer. Ministers will be aware of the Department of Health-commissioned report, as set out in the memorably named journal, *Gut*, in 2006, which suggested that if a screening programme based on this test was effective, it could save an average of £28 for every person screened. I urge the Minister to follow what a lot of doctors and others have recommended. We must understand why people do not take up the state's offer to safeguard their health. If only 54% of those eligible are taking up this offer, that is a serious issue that needs to addressed.

When should we start screening? I speak as an MP whose constituency borders Scotland, and we are often told that in Scotland the health care system is much better, much more expansive and so much more free. In Scotland, FOB screening takes place at 60, not 50 as it does in this country and my understanding is that they do not intend to take up the flexi-scope screening. Personally, I am yet to be persuaded of the clinical or financial basis for screening at the age of 50 given the immense task of screening from the age of 55 onwards, with all the numbers of people who will go through the system. Although there might be pressure—obviously, the Opposition Benches are packed—to move towards such screening at 50, there is no clinical or financial basis in the current system to justify such an approach.

I want to address the possible role of private or other public organisations, suitably supervised, in this process of change. We need to explore the issue of those whom the state must look after but do not take up the offer of screening. It affects both their health and our finite budget. The state must and will always be the provider of medical services in the future—no one disputes that—but it must also enable change and encourage private or public organisations to help in health care. All acknowledge that the take-up of screening is tragically low, as 46% resist the chance to screen themselves for bowel cancer and more than 20% of women resist the chance to have cervical or breast cancer screening. Everybody must accept that there is a problem with that. How can we address that?

Only the short-sighted or extremely socialist would suggest that the state always has the answer to all those problems. What if public sector organisations were to go the extra mile and care for their employees in a different way? We should bear it in mind that the state spends a fortune training its employees to carry out their designated tasks, whether they are consultants, surgeons, endoscopists or nurses. It surely makes sense to safeguard one's assets—that is, one's employees. Why not use the public sector as a lead by making it either mandatory or strongly advisable that all permanent core workers should have the screening that their health deserves and that we ask of the rest of the public? I would suggest that they should lead the way. That follows on from the point that is made about flu jabs and the prevention of winter problems in hospital.

We should also consider companies; I want to finish on a localism point. We always criticise employers in this House, but let us say that we had an enlightened employer. Why could they not be allowed or even encouraged to conduct screening of their workers, in whom they invest so much? There is clearly a benefit to the worker, the employer-employee relationship would improve as the employee was valued and cared for, and the state would not necessarily have to pay for the health care screening provided to its citizens. I am talking not just about bowel cancer screening, which is quite complex. Breast cancer screening, for example, is important but not necessarily that difficult.

The cost of such privately paid screening could then be borne in the form of a reclaimable tax break to the company, such as an equivalent cut in the cost of the company's local business taxes. That would offer localism,

[Guy Opperman]

increased health screening and better care for employees. Although there might be some data protection issues and concerns about who would pay for the follow-up care, it would unquestionably improve the take-up of screening. I refuse to accept that there is no mileage in my suggestion, which surely brings true localism and better screening to the workplace.

In the minute or so I have left, I want to address the fact that this is men's health awareness month and individual members of the public must take responsibility for their own health. All around us, perfectly sane men are sporting moustaches as "Movember" kicks into gear. For too long, men have ignored their health. It is well known that they do not have regular check ups. The reality is—I am not surprised the House is not packed this evening—men do not like to talk about the prostate or their bowel. As one of the nurses I met in hospitals put it to me: "Men and their bits—they get so precious about them! If men had to go through what women have to go through with cervical cancer screening and pregnancy they would be a great deal more healthy and self aware."

I praise the television celebrity Chris Evans for his campaign to show that there is no shame and in fact great benefit in having bowel cancer screening. The shame in such matters exists when people ignore the signs and even die through false manliness or ignorance.

7.44 pm

The Minister of State, Department of Health (Paul Burstow): I congratulate my hon. Friend the Member for Hexham (Guy Opperman) on securing the debate and on setting out the issues so clearly. Let me just confirm the answer that he gave to his hon. Friend the Member for West Worcestershire (Harriett Baldwin)—it is the case that the NICE guidance has been changed in the way that he said. I hope that helps her. I look forward to reading the *Hansard* report of his description of his tie and the removal of certain items that would have made a noise in the debate had he pressed the button.

My hon. Friend the Member for Hexham has used this opportunity very well to raise awareness of these issues further. There has been good progress in bowel cancer survival over the past 30 years, with the survival rates for men and women doubling, but it remains a devastating disease. In 2009, some 32,751 people were diagnosed with the cancer and 12,691 people died from it. In the vast majority of cases, the earlier a cancer is diagnosed, the sooner the treatment can begin and the better the outcomes are likely to be. That is why early diagnosis of cancer is central to the Government's cancer outcome strategy and that is why it is vital that we do more to diagnose cancers earlier and improve survival rates as a result.

We are focusing on survival rates because they are a much more effective way of addressing and assessing NHS performance, as they show how good the NHS is, compared with other countries, at diagnosing and treating people with cancer. Measures such as cancer mortality figures are not a good way of assessing the NHS's performance as they are an indicator of both incidence and survival. They indicate more about societal changes than about what the NHS has done.

Screening is one of the most important means by which cancer—and in the case of bowel cancer, of abnormalities that may lead to cancer—can be detected earlier. Research undertaken in Nottingham and Denmark in the 1980s showed that screening men and women aged 45 to 74 for bowel cancer using the faecal occult blood test could reduce the mortality rate from bowel cancer by 16%. An independently evaluated pilot in Warwickshire and Scotland showed that this research could be replicated in an NHS setting. Based on the final evaluation report of the pilot and a formal options appraisal, the programme in England began screening men and women aged 60 to 69 in July 2006, and I am pleased to say that full roll-out was achieved last August.

Experts have estimated that by 2025, about 2,400 lives could be saved every year by the current NHS bowel cancer screening programme. However, I agree with my hon. Friend that there may be more we could do through occupational health interventions. As at 31 October this year, more than 12.2 million kits had been sent out and more than 6.9 million had been returned. We have to do more to get more returns, but from those returns 10,785 cancers were detected and 53,616 patients underwent polyp removal. As my hon. Friend said, polyps that are left untreated can develop into bowel cancer. Men and women over the age limit can request a testing kit every two years, and more than 145,000 have self-referred to the screening programme in just that way.

As some 15% of bowel cancers—4,893 in 2009—are diagnosed in men and women aged 70 to 74, the NHS bowel cancer screening programme is currently being extended to men and women aged from 70 up to their 75th birthday. As at the end of October this year, 33 of the 58 local screening centres had implemented the extension of that programme. When the extension is fully rolled out by next year, about 1 million more men and women will be screened each year.

We know that the evidence for faecal occult blood test screening starts at 50, as shown by the trials that have been mentioned. The original programme invited only people in their 60s because the risk of bowel cancer increases with age. Nearly 85% of bowel cancers arise in people over the age of 60. In the pilot, more than three times more cancers were detected in people aged over 60 than in those under 60, and people in their 60s were most likely to complete the testing kit. In addition, there was not enough endoscopy resource to begin the wider age roll-out. To underline a point that my hon. Friend made, in terms of cost, the 2004 working group report on NHS cancer screening programmes, which assessed a number of models for bowel cancer screening, found that starting at age 50 ranked fifth—bottom—in terms of cost-effectiveness.

The national endoscopy training programme has allowed us to begin extending the programme to people up to age 75. However, this extension to the current programme, the planned introduction of flexible sigmoidoscopy screening, which I will come back to in a moment, and the move to more investigations of symptomatic patients mean that a key priority is to increase endoscopy activity. We have begun from a low level, as my hon. Friend suggested, with much lower rates of endoscopy than many other comparable countries. For example, colonoscopy rates in England are eight

per 1,000 population, compared with Scotland, where they are 12 per 1,000 population, and Australia, where the rate is 21 per 1,000.

The Department has undertaken further modelling work to estimate the demand for endoscopy services up to 2015-16. That analysis shows that the NHS will need to increase lower GI endoscopic capacity by 15% a year over the next five years to meet underlying growth and the commitments set out in the Government's cancer outcomes strategy. In response to my hon. Friend's question, that is how the issue about the work force and making sure that there is a sufficient supply of nurse endoscopists is being addressed.

Funding for an increased number of endoscopies has been put into primary care trust baselines, and that is part of the £750 million over four years that accompanies the cancer outcomes strategy. While it is primarily for the NHS to take the necessary steps to increase endoscopy activity, we are looking at the scope for central support, for example, through service improvement work led by NHS Improvement. However, we are making a huge investment in our bowel screening programme for people in their 50s, in response to my hon. Friend's fifth question about funding. In September 2010, we announced £60 million of funding for the introduction of a life-saving new screening method—flexible sigmoidoscopy—in the programme.

Flexible sigmoidoscopy is an alternative, and a complementary bowel screening methodology to faecal occult blood. New evidence shows that men and women aged 55 attending a one-off flexible sig screening test for bowel cancer can reduce the risk of mortality from the disease by 43%, and it can reduce the incidence of bowel cancer by 33%. Flexi sig involves a thin, bendy tube, which the doctor uses to look at the inside wall of the bowel and remove any growths—polyps—that are present. Bowel cancer usually develops very slowly from polyps, which are called adenomas. By removing them at an early stage, it is possible to prevent bowel cancer from developing.

My hon. Friend referred to the randomised controlled trials conducted by Cancer Research UK, the Medical Research Council and NHS R&D in 14 UK and six Italian centres. The study concluded that flexi sig is a safe and practical test and, when offered only once between the ages 55 and 64, it confers a substantial and long-lasting benefit. Based on the trial figures, experts estimate that we could prevent as many as 3,000 cancers every year and save thousands of lives.

In 2011, pathfinder sites tested organisational arrangements for the operation of flexi sig screening, with particular attention to the invitation and appointment process. That will enable optimal strategies to be applied in the national pilots. The pathfinder sites were in the Tees, south of Tyne and Wear, and Derbyshire local screening centres. We have formal agreements in place to develop the IT system for flexi sig—I hope that that answers my hon. Friend's first question—and local screening centres will be invited to bid to become pilot sites early in 2012.

In response to my hon. Friend's third and fourth questions, the bowel cancer screening advisory committee has advised that people should be invited at age 55, with two reminders, before they become eligible for the faecal occult blood test programme at 60. People from the original trial are being followed up to gain information about the most appropriate faecal occult blood test policy for people who have undergone flexi sig screening. We do not have the answer yet, but we are working to make sure that we do have a clear answer to assist physicians.

The coalition Government's cancer strategy set out our aim to achieve 30% coverage of flexi sig screening across England by 2013-14, and 60% by 2014-15. It is envisaged that full roll-out will be achieved by 2016. We are also looking at other ways in which we can improve bowel cancer screening. Our cancer outcomes strategy sets out how NHS cancer screening programmes will look at how more accurate and easier-to-use immunochemical faecal occult blood tests—those are words that one can struggle with, and I hope *Hansard* will be kind to me—can be introduced into the programme, potentially to increase uptake and to provide more accurate results. A protocol has been devised to pilot such testing within the programme to assess the feasibility, practicality and cost-effectiveness of moving to this new technology.

To date our awareness activity has focused on bowel cancer, lung cancer and breast cancer, and we have spent nearly £11 million supporting 59 cancer awareness campaigns and trialling a national bowel cancer campaign. That campaign is about making sure that people do not die of embarrassment when it comes to bowel cancer, and that, if they think there is blood in their poo or if they have loose stools, they will go and see their GP and get a referral for a diagnosis. It is also about Ministers, as much as anyone else, overcoming their embarrassment about talking about it. The more we are prepared to start talking about these embarrassing subjects, the less people will die of embarrassment as a result.

We know that the pilot, the Be Clear on Cancer campaign, which we launched in January this year and ran for seven weeks in the east of England and in the south-west, made a real difference in the number of people being referred into the programme. The evaluation of the Be Clear on Cancer campaign to date has shown that people have become much more aware of the signs and symptoms of bowel cancer, people have been very supportive of such campaigns by the Government, and there has been an increase of about 50% in people over 50 with the relevant symptoms going to see their GP. This increase will lead to people being saved.

I hope this debate has reassured people that the Government take bowel cancer screening as a serious priority. We are determined to save more lives in future and I congratulate my hon. Friend on securing this important debate.

Question put and agreed to.

7.56 pm

House adjourned.

Deferred Division

Schengen Governance

That the Committee takes note of European Union Document No. 14357/11, a Commission Communication: Schengen governance —strengthening the area without internal border control, No. 14359/11, a Draft Regulation amending Regulation (EC) No. 562/2006 in order to provide for common rules on the temporary reintroduction of border control at internal borders in exceptional circumstances, No. 16664/10, a Draft Regulation on the establishment of an evaluation mechanism to verify the application of the Schengen acquis, No. 14358/11, an amended proposal for a Regulation on the establishment of an evaluation and monitoring mechanism to verify the application of the Schengen acquis, and No. 14142/10, a Draft Council Decision on the full application of the provisions of the Schengen acquis in the Republics of Bulgaria and Romania; and supports the Government's approach for stronger governance of the Schengen area whilst safeguarding the Member States' primary responsibility in matters of internal security; securing an effective evaluation and monitoring mechanism which includes the UK in respect of Schengen provisions in which the UK takes part; and supporting the accession of Bulgaria and Romania to the Schengen area as they have met the criteria and standards required of them under the terms of their Acts of Accession.

The House divided: Ayes 461, Noes 23.

Division No. 398]

AYES

Adams, Nigel
Afriyie, Adam
Ainsworth, rh Mr Bob
Aldous, Peter
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Amess, Mr David
Anderson, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Ashworth, Jonathan
Austin, Ian
Bacon, Mr Richard
Bailey, Mr Adrian
Bain, Mr William
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Balls, rh Ed
Banks, Gordon
Barwell, Gavin
Bebb, Guto
Beckett, rh Margaret
Begg, Dame Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Benn, rh Hilary
Benyon, Richard
Beresford, Sir Paul
Berger, Luciana
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Bradshaw, rh Mr Ben
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Brennan, Kevin
Bridgen, Andrew
Brine, Steve
Brooke, Annette
Brown, Lyn
Brown, Mr Russell
Bruce, Fiona
Bryant, Chris
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byrne, rh Mr Liam
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, Mr Alan
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Caton, Martin
Chapman, Mrs Jenny
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clarke, rh Mr Tom
Clifton-Brown, Geoffrey
Clwyd, rh Ann
Coffey, Ann
Coffey, Dr Thérèse
Colvile, Oliver
Cooper, Rosie
Cooper, rh Yvette
Crabb, Stephen
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Crockart, Mike
Crouch, Tracey
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Davey, Mr Edward
David, Mr Wayne
Davies, David T. C. *(Monmouth)*
Davies, Geraint
Davies, Glyn
de Bois, Nick
De Piero, Gloria
Dinenage, Caroline
Djanogly, Mr Jonathan
Dobbin, Jim
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dorries, Nadine
Dowd, Jim
Doyle, Gemma
Doyle-Price, Jackie
Dromey, Jack
Duddridge, James
Dugher, Michael
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Durkan, Mark
Eagle, Ms Angela
Edwards, Jonathan
Elliott, Julie
Ellis, Michael
Ellison, Jane
Elman, Mrs Louise
Ellwood, Mr Tobias
Elphicke, Charlie
Esterson, Bill
Evans, Chris
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farrelly, Paul
Featherstone, Lynne
Field, Mark
Fitzpatrick, Jim
Flint, rh Caroline
Flynn, Paul
Foster, rh Mr Don
Fovargue, Yvonne
Francois, rh Mr Mark
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gapes, Mike
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Gilmore, Sheila
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Greatrex, Tom
Green, Damian
Green, Kate
Greening, rh Justine
Greenwood, Lilian
Griffith, Nia
Griffiths, Andrew
Gummer, Ben
Gwynne, Andrew
Hain, rh Mr Peter
Halfon, Robert
Hames, Duncan
Hamilton, Mr David
Hamilton, Fabian
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Hanson, rh Mr David
Harman, rh Ms Harriet
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Havard, Mr Dai
Hayes, Mr John
Heald, Oliver
Healey, rh John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendrick, Mark
Hepburn, Mr Stephen
Herbert, rh Nick
Hermon, Lady
Heyes, David
Hilling, Julie
Hinds, Damian
Hodge, rh Margaret
Hollingbery, George
Hopkins, Kris
Horwood, Martin
Howarth, rh Mr George
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
James, Margot
Jamieson, Cathy
Jarvis, Dan
Javid, Sajid
Johnson, rh Alan
Johnson, Diana
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Mr Marcus

Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kawczynski, Daniel
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Lavery, Ian
Laws, rh Mr David
Lazarowicz, Mark
Leadsom, Andrea
Lee, Jessica
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Leslie, Chris
Letwin, rh Mr Oliver
Lewis, Brandon
Liddell-Grainger, Mr Ian
Lidington, rh Mr David
Lloyd, Stephen
Lloyd, Tony
Llwyd, rh Mr Elfyn
Lord, Jonathan
Lucas, Caroline
Luff, Peter
Lumley, Karen
Macleod, Mary
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Main, Mrs Anne
Mann, John
Marsden, Mr Gordon
Maude, rh Mr Francis
Maynard, Paul
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McCartney, Karl
McDonagh, Siobhain
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Metcalfe, Stephen
Michael, rh Alun
Miller, Andrew
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morden, Jessica
Morgan, Nicky
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munn, Meg
Murphy, rh Mr Jim
Murray, Ian
Murray, Sheryll
Murrison, Dr Andrew
Nash, Pamela
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Offord, Mr Matthew
Ollerenshaw, Eric
Onwurah, Chi
Opperman, Guy
Osborne, rh Mr George
Osborne, Sandra
Ottaway, Richard
Owen, Albert
Paice, rh Mr James
Parish, Neil
Paterson, rh Mr Owen
Pawsey, Mark
Pearce, Teresa
Penning, Mike
Percy, Andrew
Perkins, Toby
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Pound, Stephen
Prisk, Mr Mark
Pugh, John
Qureshi, Yasmin
Randall, rh Mr John
Raynsford, rh Mr Nick
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Reynolds, Emma
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Angus
Robertson, Hugh
Robertson, John
Robertson, Mr Laurence
Robinson, Mr Geoffrey
Rogerson, Dan
Rosindell, Andrew
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Rudd, Amber
Ruddock, rh Joan
Ruffley, Mr David
Russell, Bob
Rutley, David
Sanders, Mr Adrian
Scott, Mr Lee
Seabeck, Alison
Selous, Andrew
Shapps, rh Grant
Sharma, Mr Virendra
Shelbrooke, Alec
Sheridan, Jim
Shuker, Gavin
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Nick
Smith, Owen
Smith, Sir Robert
Soubry, Anna
Spellar, rh Mr John
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Straw, rh Mr Jack
Streeter, Mr Gary
Stride, Mel
Stuart, Ms Gisela
Stunell, Andrew
Sturdy, Julian
Sutcliffe, Mr Gerry
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tami, Mark
Teather, Sarah
Thomas, Mr Gareth
Thornberry, Emily
Thurso, John
Timms, rh Stephen
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Trickett, Jon
Truss, Elizabeth
Turner, Mr Andrew
Turner, Karl
Twigg, Derek
Twigg, Stephen
Tyrie, Mr Andrew
Umunna, Mr Chuka
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vaz, rh Keith
Vaz, Valerie
Vickers, Martin
Villiers, rh Mrs Theresa
Wallace, Mr Ben
Walley, Joan
Walter, Mr Robert
Watkinson, Angela
Watts, Mr Dave
Weatherley, Mike
Webb, Steve
Weir, Mr Mike
Wharton, James
Wheeler, Heather
White, Chris
Whitehead, Dr Alan
Whittaker, Craig
Whittingdale, Mr John
Wicks, rh Malcolm
Wiggin, Bill
Willetts, rh Mr David
Williams, Hywel
Williams, Roger
Williams, Stephen
Williamson, Chris
Williamson, Gavin
Wilson, Phil
Winterton, rh Ms Rosie
Wollaston, Dr Sarah
Woodcock, John
Wright, David
Wright, Mr Iain
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

NOES

Baron, Mr John
Bone, Mr Peter
Campbell, Mr Gregory
Campbell, Mr Ronnie
Connarty, Michael
Davies, Philip
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Flello, Robert
Godsiff, Mr Roger
Hollobone, Mr Philip
Hopkins, Kelvin
McCrea, Dr William
McDonnell, John
Meale, Sir Alan
Nuttall, Mr David
Paisley, Ian
Pritchard, Mark
Reckless, Mark
Shannon, Jim
Sheerman, Mr Barry
Shepherd, Mr Richard
Skinner, Mr Dennis

Question accordingly agreed to.

House of Commons

Thursday 24 November 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

NEW WRIT

Ordered,

That the Speaker do issue his Warrant to the Clerk of the Crown to make out a new Writ for the electing of a Member to serve in this present Parliament for the Borough constituency of Feltham and Heston in the room of Alan Keen, deceased.—*(Ms Winterton.)*

Oral Answers to Questions

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—

Common Agricultural Policy

Mr Peter Bone (Wellingborough) (Con): What recent steps she has taken on reform of the common agricultural policy. [82269]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): Having just heard the writ being moved, I am sure it would be the right thing to do to express our condolences to Alan Keen's wife, Ann, whom we all remember, on behalf of the whole House.

The Government have commenced negotiations on the CAP reform proposals, which the Commission published on 12 October and which, for the first time, require the co-decision of the European Parliament. I recently met Agriculture Commissioner Ciolos, together with the Agriculture Ministers for the devolved Administrations, to ensure that all parts of the United Kingdom are taken into account.

Mr Bone: Our net contribution to the European Union in the last five years of the Labour Government was £19 billion, and in the next five years of this coalition Government it will be £41 billion—an increase of 116%, because Tony Blair gave away Mrs Thatcher's EU rebate. At the time, he said that our net contribution would not increase because the European Union had promised massive reform of the CAP. Who was lying, Tony Blair or the European Union?

Mrs Spelman: That is precisely why the UK Government have expressed their disappointment that the proposed CAP reforms lack ambition. Although the commissioner correctly identifies food security and climate change as the two key challenges that agriculture faces, I regret that the proposals do not really address the great challenge. Therefore, we will seek to improve them to get the best possible outcome for taxpayers, consumers and farmers alike.

Mr Denis MacShane (Rotherham) (Lab): The Secretary of State will recall that that great European, Socrates, said that a politician who does not know the price of a bushel of wheat should not be in the job. If we got rid of the CAP, we would have to have a BAP—a British agricultural policy. Knowing our farming community—a landowning community—and its control of top Tories, I suggest that the BAP would be far more expensive than the CAP.

Mrs Spelman: I think we are speculating wildly about the future of Europe. My job is to concentrate on getting an improvement in the reforms. It is important to appreciate that the underlying objective of the CAP is to provide good-quality food at a reasonable price. My Department is committed in its business plan priorities to producing more food sustainably, precisely to achieve that objective.

Andrew George (St Ives) (LD): I am sure that the Secretary of State will agree that a primary objective must be a move from market-distorting production supports to supporting public goods, such as the environment and amenity. How much progress does she believe the CAP reforms are making in that direction? How do we ensure that that general direction of progress can be accelerated?

Mrs Spelman: That is a helpful question, as it enables me to share with the House the fact that we are on a journey with these proposals. We welcome the fact that the Commission wants to "green" the CAP. Taxpayers have every right to expect other public goods for the subsidy they provide. We feel that the "greening" proposals also lack ambition, and we want proper recognition of the fact that UK farmers go a lot further than those in a lot of other member states in providing stewardship schemes that make a real difference and provide environmental benefits that address problems such as the demise of species.

Kelvin Hopkins (Luton North) (Lab): There is much talk of returning powers from Brussels to this Parliament and the British Government. Would the CAP not be a good policy to bring back to Britain? Could we not subsidise British farmers, even at the current levels, and save billions of pounds from our budget every year?

Mrs Spelman: The nature of the supplementary questions is ranging much wider than the remit of my Department. As I have said, my job at each one of these Council meetings is to get the best possible deal for consumers, taxpayers and farmers in the hon. Gentleman's constituency. That is my duty.

Dangerous Dogs

2. **Michael Connarty** (Linlithgow and East Falkirk) (Lab): What recent discussions she has had with the Secretary of State for the Home Department on the consultation on dangerous dogs. [82270]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): My noble. Friend Lord Taylor, who leads on the subject of dangerous dogs in DEFRA, has been working alongside Lord Henley at the Home Office to see how the proposed antisocial behaviour measures can be best applied to such behaviour relating to dogs. DEFRA has also been developing proposals on reducing dog attacks and promoting more responsible dog ownership. This is now at an advanced stage and, subject to ministerial clearance, we will be able to make an announcement early in the new year.

Michael Connarty: That is a very helpful reply, because while the Government have been divided on this matter—DEFRA and the Home Office share this responsibility—and dithering, quite frankly, yet another very serious attack on a postman has been reported by the Communication Workers Union. Someone nearly lost most of the fingers on one hand in an attack by a dog, which was clearly vicious, in a private property. We need to deal with that problem quickly because members of the postal services who go into private property must be protected from people who keep vicious dogs.

Mr Paice: The hon. Gentleman is absolutely right. The issue of dangerous dogs on private land is very important and it is one of the issues we are discussing closely with the Home Office because, as he will know, it would require amendment to primary legislation.

Jane Ellison (Battersea) (Con): Further to that reply, one of the consequences of the dangerous dogs debate has been the stigmatisation of an entire breed, the Staffordshire bull terrier, which makes up a huge percentage of the abandoned dogs that Battersea Dogs and Cats Home takes in and a vast bulk of those that are hard to rehome. Yesterday, Battersea Dogs and Cats Home launched a campaign in Parliament to reclaim the good name of the Staffordshire bull terrier. May I invite the Minister to endorse that campaign?

Mr Paice: Yes, I am happy to endorse that campaign, having been brought up as a child with bull terriers, as my parents had them—*[Interruption.]* I said "with", not "by". I entirely accept my hon. Friend's contention that the vast majority of that breed are perfectly harmless.

Mr Speaker: Much has now been explained. We are very grateful to the Minister.

Carbon Emissions

3. **Sheila Gilmore** (Edinburgh East) (Lab): What recent discussions she has had with ministerial colleagues on the introduction of mandatory reporting of carbon emissions by businesses. [82271]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): I have had recent discussions with ministerial colleagues on the issue and I know that there is a lot of interest in it. There is an appetite in Government for it but, as the House will be aware, any policy has to undergo an impact assessment, which we are in the process of clearing.

Sheila Gilmore: There are only four months until the Government are obliged either to introduce carbon reporting or to explain why they have not. When the Members who previously sat on the Opposition Front Bench supported the proposal, they said that it would help economic growth. Why, in the present economic crisis, is it not being pursued more vigorously?

Mrs Spelman: Two things have emerged. We had more than 2,000 replies to the consultation, which showed that carbon is reported in very different ways. One challenge is to find a way in which it can be reported meaningfully so that investors know which company to invest in, because they understand the information they receive. Secondly, the Department for Business, Innovation and Skills is consulting on the content of company accounts—narrative reporting, as it is known. We need to synchronise the issue because carbon reporting would be in a set of company accounts. I perfectly understand the requirements of the Climate Change Act 2008 in that regard.

Mary Creagh (Wakefield) (Lab): Climate change is the biggest market failure the world has seen and the Secretary of State's decision on whether to introduce carbon reporting to correct the failure is imminent. That decision is a once-in-a-Parliament opportunity to create green growth and drive the development of low-carbon products and services across UK plc. With youth unemployment at record levels and mandatory reporting supported by Britain's largest employers, how many jobs does she estimate would be created in the UK's green economy if it was introduced?

Mrs Spelman: The hon. Lady shares entirely with me an appreciation of how important it is that we make progress in that area. She will have seen how the coalition Government have committed to challenging targets in order to change our economy to a low-carbon basis. In the spirit of being on the same page on this matter, I can say that I am keen to do what I can to transition the economy in that regard. On this specific question, however, I hope that the hon. Lady will appreciate that, as I said in my reply to the hon. Member for Edinburgh East (Sheila Gilmore), we need to synchronise carbon reporting in a way that investors can understand. At the moment, there are different requirements on companies to report in different ways. We need a meaningful measure of carbon reporting in the spirit of achieving that low-carbon economy.

Mary Creagh: The Secretary of State signally failed to answer my question. There is no estimate in the impact assessment of the number of jobs that the new products and services would create. When the global recession struck in 2008, Labour's future jobs fund created green jobs for young people in wildlife trusts, country parks and green charities across the country, but they are now on the dole. Carbon reporting will help us to move to the low-carbon economy. When did she last sit down with the Chancellor, one to one, to discuss the autumn statement that he will make on Tuesday and how DEFRA will play its part in creating the conditions for green jobs and growth to tackle the crisis?

Mrs Spelman: I do not think it is my job to share in advance with the hon. Lady the content of the autumn Budget statement. As I just said, I share with her the clear vision about opportunities to create jobs if our

economy is transitioned into a low-carbon economy. If her party felt so passionately about that, why did it not proceed with what she now claims we should be doing during its 13 years in office?

Common Fisheries Policy

4. **Amber Rudd** (Hastings and Rye) (Con): What recent discussions she has had with her EU counterparts on reform of the common fisheries policy. [82272]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): As the UK fisheries Minister, I continue to have discussions about reform of the common fisheries policy with a wide range of people and organisations. They include the EU Commission, Members of the UK and European Parliaments and ministerial colleagues of other member states, as well as representatives of our fishing and related industries. I will continue to press our case for reform as negotiations develop in the Council and European Parliament.

Amber Rudd: I thank the Minister for that answer. His and the Government's commitment to sustainable fisheries and sustainable fishing communities is well known and much appreciated. Is he aware of the real anxiety, shock and growing opposition from the smaller fisherman community to the transferable fishing concessions being proposed, given that this has been so damaging to smaller communities?

Richard Benyon: The fish in our seas are a national resource and what we are talking about, in the reform of this failed policy, is getting a fairer system for the allocation of that resource. Transferable fishing concessions in other countries are sometimes a lever towards better conservation, but I reassure my hon. Friend and fishermen in her constituency that we are not happy with the proposal that has been made thus far. We think it requires much more detail and there are certain elements of it to which we are opposed. We will keep her and the House informed at every stage.

Mr Ben Bradshaw (Exeter) (Lab): Will the Minister accept that, however the common fisheries policy is reformed, the biggest threat to fish stocks in our waters and internationally is unsustainable commercial fishing? Given that, what is he doing to ensure that all public procurement of fish in this country, including by this place, is from sustainable sources?

Richard Benyon: I am pleased to report, if the right hon. Gentleman has not heard, that the Government are announcing Government buying standards at the highest level, commensurate with the Olympic standard, which is considered to be the relevant level of sustainability. Across Government, we will procure fish only from sustainable sources.

Miss Anne McIntosh (Thirsk and Malton) (Con): Will my ministerial Friend agree that one of the most exciting aspects of the proposed reforms is regional control? Will he strain every sinew to ensure that we end the exclusive competence of the EU in this regard and allow regional fisheries to control their own waters?

Richard Benyon: I entirely support the words of the Chairman of the Select Committee on Environment, Food and Rural Affairs. We have an opportunity to achieve something that we have failed to do for decades—a system that reflects local needs. It is absurd to have a common fisheries policy that from Brussels sets net sizes for fishing fleets around our coast. We have to have some form of regionalisation. We like the direction that the reforms are taking and we wish to see more detail in the coming weeks.

Mr Dennis Skinner (Bolsover) (Lab): Is it not remarkable that in the space of a quarter of an hour the Government, who are supposed to be blazing a trail for bringing back things from the common market and the European Union, have already eliminated the repatriation of the common agricultural policy and, according to what the Minister just said, fisheries is not on the agenda, either? Are we not being led up the garden path?

Richard Benyon: It is always nice to hear from the hon. Gentleman with his cheery disposition so early in the morning. He probably did not hear my reply to the previous question, in which I said that we are talking about the repatriation of controls whereby countries around a sea basin will have greater management of our fisheries. The wider question about whether we should have a common fisheries policy at all probably is not for this forum but is, perhaps, for a higher pay grade. He is welcome to take part in the frequent debates that we have in the House on this matter.

Electronic Training Aids (Cats)

5. **Natascha Engel** (North East Derbyshire) (Lab): What her policy is on the use of electronic training aids for cats. [82273]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): DEFRA has neither commissioned nor evaluated any specific research on electronic training aids for cats. DEFRA is currently awaiting the publication and evaluation of recent research on the use of electronic training collars for dogs, before making any decisions on whether to introduce any proposals relating to those devices.

Natascha Engel: I thank the Minister for that answer, because 250,000 cats are killed on the roads every year. Containment fences and electronic devices help to keep cats safe, and they are completely different from the electronic collars used on dogs. Will he guarantee that, when his Department consults on banning the use of electronic collars, he will distinguish between cats and dogs and work closely with the group, Feline Friends, which is based in North East Derbyshire—my constituency?

Mr Paice: I think I can confirm to the hon. Lady's satisfaction that we have no plans to do anything about training aids for cats. Indeed, the research on dogs that I referred to relates only to collars, not to what is known as the invisible fence. We therefore have no such proposals.

Tony Baldry (Banbury) (Con): Can my right hon. Friend explain why the Home Office has responsibility for dangerous dogs and he seems to have responsibility for domestic cats?

Mr Paice: Well, it is probably because, as anyone who knows me will confirm, I am extremely soft and really just a pussycat myself.

Waste Review

7. **Nick Smith** (Blaenau Gwent) (Lab): What estimate she has made of the number of green jobs that will be created by implementation of the waste review. [82275]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): Britain's waste and recycling sector is valued at more than £12 billion, employs 120,000 to 150,000 people and is forecast to grow by between 3% and 5% per annum over the next seven years. The waste review set us on the path to a zero-waste economy. It will support the sector's transition from focusing on disposal to landfill to the greater reuse, recycling and recovery of waste material.

Nick Smith: If the Secretary of State adopted a 70% recycling target, as the Welsh Assembly has, an extra 50,000 private sector jobs could be created over the next four or five years. Why does England have a lower recycling target than Wales, Scotland and Northern Ireland? It has the weakest targets in the UK.

Mrs Spelman: As I have explained before, targets in specific areas can play a role in achieving a zero-waste economy, but they can produce perverse consequences. I recently attended the Waste and Resources Action Programme conference, where it was clear that the waste industry feels that one of the things that has driven innovation and change is the landfill tax. There is no question but that the new capacity through new technology to recycle more materials is an engine of growth in the economy.

Jo Swinson (East Dunbartonshire) (LD): I should like to press the Secretary of State a little further on recycling, particularly on the recycling of packaging, because the Government have been too timid in their packaging recycling targets so far. We have been promised a consultation this year on more ambitious targets from 2013 onwards. We are nearly in December, so will she tell us when that will happen?

Mrs Spelman: I think that the hon. Lady would agree that the Courtauld commitment has helped, through voluntary agreements with different sectors of the economy, significantly to increase recycling targets. We have recently concluded new responsibility deals on packaging with the hospitality and catering sector. As part of that ongoing progress, I remain committed to the Courtauld process further extending into the community, and of course we will consult shortly on new opportunities as they arise.

Gavin Shuker (Luton South) (Lab/Co-op): The incoherence of those two answers serves as testament to the fact that the waste review comes from a Department of missed opportunity. Put simply, green growth creates jobs. The economy is in dire straits. Growth has flatlined; confidence has tanked; and 1 million young people stand unemployed. My question is simple: what will the Secretary of State do about it?

Mrs Spelman: The hon. Gentleman clearly was not listening to the fact that the waste industry is a bright star in the economy, with growth rates of 3% to 5% per annum. One of the reasons the industry is so successful is the constant stream of entrepreneurship and innovation, as we increasingly see waste as resource. There is continuous progress in this area, and I think that he would agree that the landfill tax has been an important regulatory driver in helping to encourage that innovation.

Animal Welfare

8. **Pauline Latham** (Mid Derbyshire) (Con): What discussions she has had with (a) her EU counterparts and (b) ministerial colleagues on the implementation of the welfare of laying hens directive. [82277]

12. **Sarah Newton** (Truro and Falmouth) (Con): What discussions she has had with (a) her EU counterparts and (b) ministerial colleagues on the implementation of the welfare of laying hens directive. [82282]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): Discussions at EU level are ongoing, and the UK is fully engaged with the Commission, other member states and the devolved Administrations on finding a practical enforcement solution. We need to protect producers across the EU who will have complied with the ban from unfair competition from those who fail to comply.

Pauline Latham: I thank the Minister for his answer. Does he agree that the concerns of the United Kingdom are being heard because of early representations by this Government? Will he commit to doing the same for our pig farmers, who risk being disadvantaged in the same way by new animal welfare regulations due in 2013?

Mr Paice: I can confirm to my hon. Friend that it is over a year since we first told the Commission that it was quite obvious that a number of countries would not be able to comply in time. She is absolutely correct that this is a precursor to an even bigger welfare issue: the ban on sow stalls, which comes in on 1 January 2013. If we do not get it right this time, it does not bode very well for 2013.

Sarah Newton: Colin Carter's Eggs in Perranwell has invested in high standards of hen welfare, and it is understandably concerned, as I am, that cheap eggs—in particular, processed or liquid eggs, which account for 25% of the market—are coming in from parts of the EU that do not have such high standards. What is my right hon. Friend doing to prevent that?

Mr Paice: As I said in my opening answer, discussions are still going on. There is a further meeting of officials in Brussels next week, and that really is the last chance for the EU to prove that it is serious about improving animal welfare and enforcing its regulations. If, as I fear, no solution comes about next week, I will make an announcement shortly on how we intend to protect our industry.

Pat Glass (North West Durham) (Lab): My constituent Mr Tulip and his family have spent almost £8 million bringing their farm up to the EU directive level. If the

meeting next week does not go well, will the considerations include banning eggs from countries that are acting illegally?

Mr Paice: I fully appreciate that UK producers have invested about £400 million in new systems, and they are entitled to expect others to do the same; that is perfectly reasonable. As for the measures that will be taken if we do not get anywhere in Europe—and I cannot claim much optimism on that front—I will make an announcement shortly. A ban has not been ruled out, but I am sure that the hon. Lady will appreciate that there are some pretty big legal issues here.

Mr Philip Hollobone (Kettering) (Con): Given that the British egg industry has spent some £400 million on meeting the requirements of the EU directive, and countries such as Spain, Poland, France and Italy have done everything to avoid their obligations under the directive, should not the Minister say at the EU meeting that unless the Europeans put the right deal on the table, there will be a British unilateral ban to keep out illegal eggs from other EU countries?

Mr Paice: My hon. Friend is entirely right. Some 12 member states will not be in full compliance—some to a much greater degree than others—and he is right that Spain and Poland are among those 12. As I say, we have not ruled out a ban. It is important that the other countries—member states that, like us, will have complied, including most of the northern European countries—work together wherever possible to make sure that we have maximum impact when it comes to forcing compliance elsewhere.

Food Manufacturing

9. **Catherine McKinnell** (Newcastle upon Tyne North) (Lab): What discussions she has had with the Secretary of State for Business, Innovation and Skills on (a) food prices and (b) support for British food manufacturing. [82278]

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): I have, in the normal course of business, discussed food prices and support for food manufacturing as part of the Government's growth review, and we continue to work with the Department for Business, Innovation and Skills and UK Trade & Investment to help boost growth, exports and efficiency in the whole food chain.

Catherine McKinnell: I thank the Secretary of State for that answer. Food manufacturing is very important to the north-east, especially to my constituency; firms such as Nestlé, Warburtons and Greggs play a really significant part in the local economy. What specific plans does her Department have, working alongside BIS, to support that vital sector, including through research and development and capital allowances, and by increasing exports, thereby helping to support tens of thousands of jobs in the north-east?

Mrs Spelman: All the firms that the hon. Lady mentions are household names, and indeed the food industry contributes more than £80 billion to the UK economy. As I have said, I have had representatives from the Food and Drink Federation and from agri-food businesses in the Department to ask them what we can do to help them remove barriers to growth in trade. I have very good news to report: for the seventh year in a row, UK exports of food and drink have risen.

Tim Farron (Westmorland and Lonsdale) (LD): Uplands are a vital source of food production in this country, and the Secretary of State will know that they are supported through the uplands entry level scheme. Does she share my concern that money from the scheme is often snaffled by absentee landlords, rather than going to the hard-working tenant farmers who produce the food?

Mrs Spelman: When we announced our £26 million uplands package, one of the things we said we would do is give priority to uplands farmers who want to take up entry level schemes. We specifically spoke about the need for landlords to back their tenant farmers who want to take advantage of the scheme.

Huw Irranca-Davies (Ogmore) (Lab): Public procurement is a key way of supporting British food production and high food standards, yet the Department for Work and Pensions sources only 11% of its food from UK producers, DEFRA is failing on its own policy for sourcing sustainable fish and the new ethical standards for food served in public institutions were ridiculed in a report this week for being even weaker than those at McDonald's. Will the Secretary of State please stop clowning around with food standards and UK food production jobs and at least try to keep up with Ronald McDonald?

Mrs Spelman: There is no question but that the Government, through procurement choices, can make a big difference to the food and drink industry, which is one of the reasons we set additional requirements on all Departments to buy to higher standards, including sustainable fish, when we announced the guidelines for Government buying standards in September. We do not yet have figures for the most recent month, and no doubt it will take time to adapt to the changes, but the point is that there is a commitment right across central Government to buy to the highest standards that we expect from British food producers.

Farm Administration

10. **Simon Hart** (Carmarthen West and South Pembrokeshire) (Con): What progress she has made in reducing the administrative burden of inspection and regulation on farmers. [82280]

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): My hon. Friend and the House will know that the Government attach huge importance to the need to lift the burden of regulation while maintaining standards. On 3 November I announced the publication of the interim response to the independent farm regulation taskforce. We will publish a final response early next year.

Simon Hart: Does the Minister agree that this is all about trust and that, where possible, we should trust our farmers to self-regulate and impose statutory regulations only where absolutely necessary?

Mr Paice: I entirely agree with my hon. Friend. I am afraid that there appears to have been a view over the years that every farmer was a potential criminal, and farmers felt very disillusioned about that. We believe that the vast majority want to comply with regulations and can be trusted to do so, which is why we are looking at earned recognition so that we can concentrate our resources on the small minority who might not comply.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): The Minister will be aware of some initial concerns about additional administrative costs for the farming community following the introduction of the Gangmasters Licensing Authority, which has proved to be really effective and has been welcomed by farmers. Will he assure the House that there are no plans to change how the agency operates or how it is funded?

Mr Paice: The hon. Gentleman is entirely right. The GLA was set up after the tragic events at Morecambe bay and, to the best of my recollection, was supported by all parties in the House. That work is still extremely important. Discussions are taking place within Government on whether DEFRA is the right place for the GLA, so I cannot give the undertakings he is perhaps demanding, but the existence and purpose of the GLA is absolutely right and will be maintained.

Mr David Ruffley (Bury St Edmunds) (Con): Suffolk farmers expect this Government to reduce red tape. On the May report of the regulation taskforce, will the Minister tell us what the compliance cost saving will be if his Department delivers all 200 cuts in bureaucratic processes?

Mr Paice: I am afraid I cannot give my hon. Friend a figure at this stage because we are still developing our final response. We are going through all 214 recommendations and are determined to be bold and ambitious, as we were urged to be by Richard Mcdonald. Much of the cost to farmers is the result not of complying with regulations, but of the bureaucratic burden of the process of complying, and that is what we are trying to address.

Endangered Species

11. **Kerry McCarthy** (Bristol East) (Lab): What steps she is taking to curb the hunting of endangered species. [82281]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): No native endangered species can be legally hunted in England. Although we cannot intervene directly in legal hunts of endangered species allowed by foreign Governments, the UK pushes for international co-operation through the convention on international trade in endangered species—CITES—in order to ensure that any trade in endangered species is sustainable. The UK also strongly supports the International Whaling Commission's moratorium on commercial whaling.

Kerry McCarthy: Will the Minister therefore join me in condemning the trophy hunting of endangered and vulnerable species such as that carried out by the millionaire banker and Tory donor, Sir David Scholey, who was pictured in *The Sun* recently, posing by the bloody corpse of a lion under the headline "Who's the bigger beast?"? Does the Minister condemn that?

Richard Benyon: We recently had a debate in Westminster Hall about lion trophies and importation to the UK. There are certain areas of Africa where lion populations give real cause for concern, and we are working through colleagues in CITES to ensure that the concerns in that debate and throughout the House are raised. Yes, I will condemn any hunting of an endangered species, for whatever reason, if it puts that species at risk, and this Government have responsibility for—

Mr Speaker: We are ever so grateful to the Minister.

Mr James Gray (North Wiltshire) (Con): Does the Minister not agree that one of the best ways to prevent the illegal hunting of endangered species overseas is ever tougher controls on the illegal import of bush meat to the UK? What is he going to do to take that forward?

Richard Benyon: We are very concerned about bush meat and importation, and that is why we have protected funding for the work taking place at ports and airports, and for the expertise that we have, on the matter. There is also a very good case, which we have made in Britain, for being much stronger on the export or import of rhino horn which, as we know, is putting that species at very severe risk of extinction.

Topical Questions

T1. [82289] **Mr Philip Hollobone** (Kettering) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): My Department takes responsibility for safeguarding the environment, supporting farmers and strengthening the green economy. In that context, I will attend important climate change negotiations in Durban next week. The items on the agenda include sustainable agriculture, as well as the protection of international forestry. In addition, I will have a series of bilateral discussions as part of the preparations for Rio plus 20, on which I will lead, and, of course, update the House on my return.

Mr Hollobone: Farmers in the Kettering constituency continue to complain about the difficulties that they encounter in obtaining their single farm payment, especially where there have been changes to farm boundaries. I know that much has been done to sort out the Rural Payments Agency, but what more can be done to sort out that wretched organisation?

Mrs Spelman: As I am sure the whole House is aware, the Minister of State, Department for Environment, Food and Rural Affairs, my right hon. Friend the Member for South East Cambridgeshire (Mr Paice) has been working hard to improve the performance of the Rural Payments Agency, and there is indeed a strategic improvement plan to help achieve that. The target was met in June for payments, and we are making good progress towards achieving the target that is required to be met by the end of this year.

T2. [82290] **Julie Hilling** (Bolton West) (Lab): The Wildlife Trust for Lancashire, Manchester and North Merseyside is concerned about the future funding of higher-level stewardship on the west Pennine moors and the Red Moss site of special scientific interest, which are both in my constituency. What assurance can the Secretary of State give that she will secure funding and not be out-negotiated by the French, or by the Treasury?

The Minister of State, Department for Environment, Food and Rural Affairs (Mr James Paice): I am grateful to the hon. Lady for that question, because we are very conscious that the uncertainties of the EU proposals on common agricultural policy reform are causing some landowners and farmers to worry about their stewardship payments. May I, though her and the House, assure everybody involved that the Government are determined to continue with our stewardship schemes, both higher level and entry level, and will do everything in our power to ensure that that happens? We are at an early stage of the negotiations, but we are determined that somehow—either through a transfer of money from pillar one to pillar two, or perhaps through the greening element of pillar one—we shall maintain those excellent schemes.

T6. [82295] **Jeremy Lefroy** (Stafford) (Con): What discussions has my right hon. Friend had with Latin American colleagues to prepare for the forthcoming international conferences in Durban and Rio?

Mrs Spelman: I have had two in particular. I met Brazil's Environment Minister, Izabella Teixeira, during negotiations in Nagoya, and as Brazil is the host nation I went down there to help the Brazilians with preparations for Rio plus 20 next year, and most recently, as the House will be well aware, we had a visit from the Colombian President and the Environment Minister, Frank Pearl, whom I met at the Department with a proposal for sustainable development goals, to which we have given our support in principle.

T3. [82291] **Thomas Docherty** (Dunfermline and West Fife) (Lab): When the Government's long overdue water White Paper finally comes out, will the Secretary of State confirm that small businesses, not fat cat water utilities, will be at the centre of deregulation?

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): The water White Paper will be published in the next few weeks. It will set out a way forward for the water industry that will encourage new entrants.

T9. [82298] **Bob Blackman** (Harrow East) (Con): Currently we pay our farmers not to grow crops, but at the same time the world population is growing, and half the world is in need of food. What will my right hon. Friend do to end that scandal, so that our farmers can get back to what they do best: growing crops for this country and for the rest of the world?

Mr Paice: I hesitate to challenge my hon. Friend, but that waste stopped four or five years ago. We no longer have set-aside. The worry now is the Commission's proposal effectively to reintroduce a 7% set-aside as part of the ecological focus areas that the Commissioner proposes. We do not believe that that is the right way forward. We have to produce more food, but we must do so sustainably. As my right hon. Friend the Secretary of State said earlier, we are sorry that the proposals, so far, do not meet that challenge.

T5. [82294] **Grahame M. Morris** (Easington) (Lab): May I draw the Minister's attention to early-day motion 2273 in my name, which has attracted more than 60 signatures from Members of all sides of the House and calls for the implementation of mandatory CCTV in UK slaughterhouses? It is disturbing that around 90% of cases of animal cruelty in UK slaughterhouses do not result in a successful prosecution. Will the Minister consider introducing a pilot scheme to trial such an approach?

Mr Paice: Animal Aid believes that around 70% of slaughterhouses already have CCTV. Regarding the recent, quite proper, furore over cruelty to pigs at what was then called Cheale Meats, it is important to point out that CCTV cameras were there—albeit perhaps pointed in the wrong direction—so they are not the final panacea that some people believe them to be. Nevertheless, we are considering them as part of a wider-ranging package to ensure that there is no cruelty to animals in those last few moments of their lives.

Tessa Munt (Wells) (LD): Does the welfare of laying hens directive present an opportunity for us to support our farmers and food producers through country of origin labelling and information on compliance suppliers and sources of egg? Will the Minister have discussions with supermarkets and other retailers on egg products, liquid and powder egg, and prepared foods, so that it is easy to buy good eggs?

Mr Paice: I can assure my hon. Friend that I have had such discussions and will continue to have them. I can assure the House that overall, the supermarkets, and indeed much of the processing sector, are determined to comply with the spirit of the legislation and procure egg and egg product only from compliant cages. As I said, I may well make a further statement shortly.

T7. [82296] **John Cryer** (Leyton and Wanstead) (Lab): The Minister has consistently said that the review of the common fisheries policy is a golden opportunity, and he has said the same again today. Will he therefore make a promise to the House that the British fishing fleet will be larger at the next election than it was at the beginning of this Parliament?

Richard Benyon: That would depend on there being more fish to catch. What we seek to achieve through a proper reform is conservation measures that we can manage much closer to home, which can lead to a recovery in fish stocks and therefore an increased opportunity for our fishing fleet. I want to see a reform of common fisheries policy that means that the sons and grandsons of fishermen can see a future, because they cannot at the moment.

Mr Dominic Raab (Esher and Walton) (Con): Mandatory greening under new CAP reform proposals would remove a fifth of land on higher level stewardship farms from

food production. What representations has the Secretary of State made to the EU Agriculture Commissioner about the damaging impact that that would have on food security in this country?

Mr Paice: My hon. Friend is right to be concerned about that. As my right hon. Friend the Secretary of State said earlier, we met the Commissioner only 10 days ago and impressed on him the fact that the proposals were not in accordance with the challenges of global food demands in the coming years. I can assure him that we are not a lone voice. Listening to the voices around the Council table reveals that the vast majority of Ministers are opposed to taking further land out of production.

T8. [82297] **Graeme Morrice** (Livingston) (Lab): Business groups have warned that the Government's decision to delay the establishment of marine conservation zones will impede investment in marine industries, including renewable energy and sustainable fishery projects. Does the Secretary of State agree?

Richard Benyon: We are progressing the implementation of an ecologically coherent network of marine conservation zones, which have to be sustainable in every sense. That means that they have to be able to withstand any challenge that may be put to them, legal or otherwise, so we need to get more evidence for some of them. I can assure the hon. Gentleman that this Government remain absolutely determined to take this forward, but we need to get it right. If that means we have to take a month or two longer—or six months longer, to be perfectly accurate—that would be a better way than getting it wrong.

Neil Parish (Tiverton and Honiton) (Con): This week has seen the launch of the ecosystems market taskforce. What are the practical implications of that?

Mrs Spelman: That is one of the commitments that we gave in the natural environment White Paper. We have asked Ian Cheshire, the chairman of Kingfisher Group, to chair the ecosystems taskforce, together with a number of business leaders and scientists. This is an opportunity to help business in this country to take the chance, with the new green technologies and green growth, to grow our economy into a low-carbon economy, and beyond that, towards all the opportunities that realising the true value of natural capital can provide.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Will the Secretary of State give an update on the progress being made by her Government to tackle international speculation in food commodities? That is a major factor in driving up food prices, which is affecting our constituents and others internationally, and it needs to be tackled as a matter of urgency.

Mrs Spelman: The evidence regarding the role of speculation in the rise of food prices is perhaps not as clear as the hon. Gentleman sets out. The main reason for volatility in prices is that supply and demand are tight, and the best way to address that is to improve the supply of food to the market. Transparency is the key to helping to reduce volatility. We, as a Government, support greater transparency so that people around the world know who is producing what, where, and how much they have in stock. That will help to buffer prices.

Roger Williams (Brecon and Radnorshire) (LD): The six-day movement rule and the ban on on-farm burial are particularly burdensome to livestock farmers. Since their introduction the scientific understanding of these matters has moved on. Will the Minister commission a scientific review of the regulations with a view to their relaxation?

Mr Paice: Both issues appear in the Macdonald report, to which I referred earlier and to which we will be responding early in the new year. The burial of dead animals, in particular, is controlled at EU level, and it is not entirely within this Government's gift to change the rules.

CHURCH COMMISSIONERS

The hon. Member for Banbury, representing the Church Commissioners, was asked—

Civil Partnerships

1. **Mr Ben Bradshaw** (Exeter) (Lab): What the authority is for the policy of the Church of England that services of blessing should not be conducted in church premises for those who register civil partnerships. [82259]

The Second Church Estates Commissioner (Tony Baldry): In its pastoral statement of July 2005, the House of Bishops affirmed that clergy of the Church of England should not provide services of blessing for those who register a civil partnership. The Church of England's response to the Government's consultation document on civil partnerships on religious premises, which was produced earlier this year, reflected that policy and was approved by the Archbishops Council and by the Standing Committee of the House of Bishops.

Mr Bradshaw: I am grateful for that reply. Given that when the law changes to allow civil partnerships to be conducted on religious premises many Church of England priests and parishes will want to conduct such ceremonies, would it not be better for the Church of England to do what it did when it first allowed the remarriage of divorcees in church, and allow individual priests and parishes to make the decision?

Tony Baldry: In fairness, I would contend that the Church of England, led by its bishops, has to be free to determine its own stance on matters of doctrine and ethics. The Government have said that the new option to register civil partnerships in places of worship must be entirely voluntary. That means that those who think that the Church of England should opt in need to win the argument within the Church.

Church Tourism

2. **Laura Sandys** (South Thanet) (Con): What steps the Church Commissioners are taking to promote church tourism. [82260]

Tony Baldry: I was delighted recently to visit with my hon. Friend some of the historic churches in her constituency. As she is aware, the General Synod passed

a motion encouraging all dioceses to support church tourism and to link with the wider national church tourism strategy. The Church is working closely with its entire group of dioceses and with the Churches Tourism Association to assist local churches in encouraging visitors, especially in the run-up to the Olympics, the diamond jubilee and Open Churches Sunday.

Laura Sandys: I thank my hon. Friend for his trip to my constituency to see some of the wonderful churches in east Kent, which are great tourist attractions. Is he able to introduce me to the people who run tourism at Canterbury cathedral, which attracts hundreds of thousands of visitors? They might be able to do more to move some of those tourists to other beautiful churches in east Kent.

Tony Baldry: My hon. Friend makes an extremely good point. Our cathedrals attract thousands of visitors each year. We need to encourage those who visit cathedrals such as Canterbury to visit the many fantastic churches full of history and heritage in the surrounding areas, such as those in my hon. Friend's constituency.

PUBLIC ACCOUNTS COMMISSION

The Chairman of the Public Accounts Commission was asked—

National Audit Office

3. **Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): What recent discussions the Public Accounts Commission has had on ways in which the National Audit Office can be made more effective and efficient. [82262]

Mr Edward Leigh (Gainsborough): The Public Accounts Commission discusses the NAO's use of resources twice a year. Last November we endorsed its strategy for the three years from April 2011, which included plans to save 15% in nominal terms—21% in real terms—over that three-year period. The commission looked at the NAO's efficiency gain in March when we examined its draft estimate. The commission will next meet on 7 December to consider the NAO's proposed resource requirements for the three years starting in April 2012.

Mr Sheerman: Have the hon. Gentleman and the commission considered introducing the same sort of reforms that the Government have produced for the Audit Commission? Has he considered using the big five private accountancy firms more widely, or has he learned some lessons from the disaster that is the Audit Commission reform?

Mr Leigh: All that has happened so far—we will discuss this at our meeting on 7 December—is that the Government have proposed that the NAO take over from the Audit Commission solely responsibility for the preparation and maintenance of the code of practice, which sets a framework for the audit of local bodies, together with associated guidance for local auditors. The NAO will also be able, when reporting to Parliament on the activities of central Departments, to examine the impact of policies administered by local bodies. The NAO is making preparations for those potential areas of work. We will give it sufficient resources to enable it to do that work responsibly and properly.

Miss Anne McIntosh (Thirsk and Malton) (Con): When the National Audit Office produces excellent reports, such as the recent report on flood defences, would my hon. Friend consider allowing the Select Committees concerned to debate their contents and conclusions, rather than just the Public Accounts Committee?

Mr Leigh: My hon. Friend makes a good suggestion. She knows that I was, in a previous incarnation, Chairman of the Public Accounts Committee. We were keen, and remain keen, for the National Audit Office to extend its work so that it reports not just to the Public Accounts Committee but to all Select Committees. I am happy to take her suggestion back to the National Audit Office.

Mr Speaker: The hon. Gentleman is underselling himself. He served with great distinction as Chairman of the Public Accounts Committee for two Parliaments.

CHURCH COMMISSIONERS

The hon. Member for Banbury, representing the Church Commissioners, was asked—

Food Banks

4. **Andrew Selous** (South West Bedfordshire) (Con): What steps the Church of England has taken to support food banks. [82263]

The Second Church Estates Commissioner (Tony Baldry): The Church is heavily engaged in food banks across the country. There is a national network of food banking centres in towns and cities. Food banks give out nutritionally balanced emergency food to people in crisis. Food banks also offer additional support to put people in touch with relevant agencies that can offer further support.

Andrew Selous: In South West Bedfordshire, churches in Dunstable and Houghton Regis have just agreed to set up a food bank, and churches in Leighton Buzzard run a homeless service. Churches in those towns also support street pastors. Churches throughout the constituency are taking part in the "Let's Stick Together" initiative run by Care for the Family. Does my hon. Friend agree that that is an amazing record of achievement in contributing to our local community?

Tony Baldry: I hope that churches across the country will seek to engage with and support their local communities whenever they can. The churches that my hon. Friend cites in his constituency are an excellent example. Local churches can support food banking in several ways, including through the direct giving of food donations, and through volunteering and working where necessary to step in to assist those in need. I hope that we can do that right across England.

Kerry McCarthy (Bristol East) (Lab): Will the hon. Gentleman join me in congratulating the Bishop of London on his support for the "Feeding the 5,000" event in Trafalgar square last Friday? That organisation looks at how we can use the phenomenal amount of food that goes to waste in this country to feed people who are in food poverty.

Tony Baldry: The Bishop of London's leadership on that initiative is excellent, and it is an excellent initiative.

Church Buildings (Theft)

5. **George Hollingbery** (Meon Valley) (Con): Whether the Church Commissioners have considered English Heritage's guidance on (a) theft of metal from church buildings and (b) replacing lead with modern materials. [82264]

Tony Baldry: The theft of metal from churches continues to be a very serious problem. About 10 churches a day suffer from theft. Insurance payouts for the theft of metal from places of worship have increased by 70%, and according to the Association of Chief Police Officers, the full cost of metal theft to the domestic economy across all sectors is upwards of £770 million.

George Hollingbery: The latest English Heritage guidance note on the theft of metals from church buildings states that

"support for the use of...non-traditional materials...would be exceptional."

However, the guidance note on solar panel installations is relatively liberal. Does my hon. Friend agree that it is hard to reconcile the two, and does he understand why Hambleside Danelaw, an alternative roofing manufacturer in my constituency, is clear that the guidance is not in the interests of churches, their congregations or the wider good?

Tony Baldry: On the substantive issue of the theft of lead, the Church remains convinced that making cash scrap metal transactions illegal is the single move that will have the greatest impact on reducing that crime, and it is pleased to see that proposal gaining wider acceptance. Indeed, my right hon. Friend the Prime Minister said yesterday that the answer

"lies in looking at how the scrap metal market is currently regulated."—[*Official Report*, 23 November 2011; Vol. 536, c. 296.]

I undertake to investigate in detail my hon. Friend's specific point about Hambleside Danelaw, and I shall write to him.

Mr James Gray (North Wiltshire) (Con): Is my hon. Friend aware that one of the greatest tragedies about the loss of metal from war memorials, whether they be on Church property or elsewhere, is that there is currently no central record kept of the people whose names are recorded on them? Will he undertake to ask the Church Commissioners to work with the Imperial War museum, and indeed the Ministry of Defence, to provide a central register of those whose names appear on war memorials?

Tony Baldry: I would hope that in the run-up to 2014 to 2018, the centenary of the first world war, churches across the country will not only work on updating, conserving and repairing war memorials but give thought, as many communities are, to updating the records of those who lost their lives in the first and second world wars. The theft of inscriptions from war memorials is a detestable offence, and a further example of the need to tackle the theft of metals as urgently as possible.

Christians (Pakistan)

6. **Andrew Stephenson** (Pendle) (Con): What support the Church Commissioners are providing to Christians in Pakistan. [82265]

Tony Baldry: The Church of England is very aware of the issues facing the Christian community in Pakistan. Two dioceses in the Church of England have strong diocesan links in Pakistan, the diocese of Manchester with Lahore and the diocese of Wakefield with Faisalabad. Four members of the Manchester diocese are currently visiting Pakistan. The Archbishop of Canterbury's Pakistan focus group was formed in 2006 to keep him informed of issues of significance in relation to Pakistan, to assist him in representing his views appropriately in Pakistan, England and elsewhere, and to maintain positive relations in support of the Church of Pakistan.

Andrew Stephenson: I thank my hon. Friend for that full answer. What initiatives have been taken to increase awareness among Pakistani-background Christians and Muslims in the UK of how they can support inter-faith religious harmony?

Tony Baldry: The Archbishop of Canterbury is very much concerned about the importance of good relations among Pakistani-background Christians and Muslims in this country. When Christian leaders from Pakistan visit the UK they are introduced to prominent Pakistani-background Muslims so that they are aware of the situation, and to encourage them to use their influence and contacts in Pakistan to support persecuted religious communities. The Church of England sent a delegation of both Christians and Muslims from the UK to Pakistan in 2009 on the invitation of the Government of Pakistan, to visit Christian and Muslim community leaders, Government Ministers and officials.

Women and the Episcopacy

7. **Diana Johnson** (Kingston upon Hull North) (Lab): What assessment the Church Commissioners made of the number of dioceses which have voted in favour of the proposed legislation on women and the episcopacy. [82266]

Tony Baldry: The result of the reference of the draft legislation to the dioceses was that out of a total of 44 dioceses, 42 approved of women and the episcopacy.

Diana Johnson: How will the exceptional level of support from both the laity and the clergy be reflected in the passage of the legislation through the House?

Tony Baldry: I think that it is clear that there is overwhelming support for women bishops. The outcome of the recent vote in the dioceses will be reported formally to the General Synod in February, following which it will be asked to approve any necessary final

adjustments to the drafting of the legislation. I certainly hope that during the lifetime of this Parliament it will be possible for me to bring forward a Measure to the House so that we can approve women bishops in the Church of England.

St Paul's Cathedral (Demonstrations)

8. **Mr David Winnick** (Walsall North) (Lab): What discussions the Church Commissioners have had on the effects of demonstrations outside St Paul's Cathedral. [82267]

Tony Baldry: I understand from the Bishop of London and the chapter of St Paul's cathedral that they are in daily contact with the City of London corporation and the City of London police, as well as with the protestors. The chapter of St Paul's and the Church are committed to working towards peaceful solutions with the protestors and the authorities concerned.

Mr Winnick: Would not that be the best way, to have a continued dialogue, bearing in mind the fact that many if not all of the demonstrators and the people who have set in—I have visited them—feel very strongly indeed about the growing inequality of wealth in our country?

Tony Baldry: I hear what the hon. Gentleman says. Those concerns have been well reflected by the comments made by the dean and chapter of St Paul's.

Julian Smith (Skipton and Ripon) (Con): The London demonstration seems to be adding to an air of tension between Church and state, and there are other examples of bishops becoming much more involved in Government policy. What role can my hon. Friend play to calm that quite worrying situation?

Tony Baldry: My hon. Friend must remember and recognise that both archbishops and a number of bishops are Members of the other place: they are Members of Parliament and are entitled to have their views heard. I would suggest that every archbishop and diocesan bishop is a significant leader within their community. They are entitled to speak out and be heard by the country and the House. The Church of England is a national church and the bishops are part of the national voice of this country.

2012 Olympics

9. **John Mann** (Bassetlaw) (Lab): How many churches plan to hold community celebrations for the London 2012 Olympics. [82268]

Tony Baldry: The ecumenical organisation More than Gold has been set up to help churches to engage with the Olympics. There are more than 400 Church of England More than Gold champions, which means that more than 400 churches are already organising activities using More than Gold resources.

John Mann: Would it not be appropriate for churches across the country to follow the magnificent lead of the joint churches in Bassetlaw, who are at the heart of preparing Olympic participatory activities, and are inviting the community into church grounds so that the Olympics can be fully and actively celebrated?

Tony Baldry: That is a fantastic example by the church in Bassetlaw, and I hope that every church will replicate it in all sorts of ways, such as by providing volunteers for the Olympics and hospitality programmes, hosting one of the many mission teams that are coming from overseas to help to give extra impact to activities, and linking hands with other churches to run community festivals and hospitality centres. I very much hope that every church in England will consider how they can use the Olympics as an opportunity to engage with the wider community.

Business of the House

11.32 am

Ms Angela Eagle (Wallasey) (Lab): Will the Leader of the House give us the business for next week?

The Leader of the House of Commons (Sir George Young): The business for the week commencing 28 November will be:

MONDAY 28 NOVEMBER—General debate on political developments and security in the middle east, north Africa, the Sahel, and the horn of Africa.

TUESDAY 29 NOVEMBER—My right hon. Friend the Chancellor of the Exchequer will make his autumn statement, which will be followed by consideration of Lords Amendments to the London Olympic Games and Paralympic Games (Amendment) Bill, followed by consideration of Lords amendments to the Terrorism Prevention and Investigation Measures Bill, followed by consideration of Lords amendments to the Public Bodies Bill [*Lords*], followed by a motion relating to national policy statements relating to ports.

WEDNESDAY 30 NOVEMBER—Opposition day (un-allotted day). There will be a debate on an Opposition motion. Subject to be announced.

THURSDAY 1 DECEMBER—Motion relating to BBC cuts, followed by a general debate relating to debt advice and debt management services. The subjects for these debates were nominated by the Backbench Business Committee.

The provisional business for the week commencing 5 December will include:

MONDAY 5 DECEMBER—Business to be nominated by the Backbench Business Committee.

TUESDAY 6 DECEMBER—General debate on the economy.

Colleagues will also wish to be reminded that the House will meet at 11.30 am on Tuesday 29 November.

Ms Eagle: I should like to begin by paying my own tribute to Alan Keen, whose death was announced to the House this week. He was a dedicated champion of his constituents. Many of us have happy memories of Alan, especially of the Tea Room football banter that we all shared with him. My thoughts go out to his wife Ann and the family at this very difficult time.

Mr Speaker, this week you let it be known in no uncertain terms that the leaking in advance of statements is a gross discourtesy to the House. On Monday, you warned the Secretary of State for Communities and Local Government about the disclosure of his housing statement in the weekend papers. Less than 48 hours later, not only was the Government's energy statement leaked, but the fact that there was to be a statement at all was tweeted to the world half an hour before the Secretary of State could be bothered to inform his opposite number or the House. Can we now take it that it is the Government's intention to replace the Order Paper with the Twitter feed of *The Guardian*? Does the Leader of the House deplore this behaviour, and will he give me a personal assurance that it will never happen again?

On housing, the Government's rushed-out PR blitzkrieg on Monday came the day before official figures, which they will have seen, showed a complete collapse of housing starts across Britain from 32,000 to just 454 across the entire country. In my own region of the north-west, not one single housing start was made. Monday's cynical choreography was clearly designed to bury bad news. May we have a proper debate on the worsening housing crisis now that the full facts of the Government's failure have been revealed?

Two weeks ago the right hon. Gentleman was kind enough to tell me that

"the Queen's Speech will be held in May to coincide with the fixed election dates".—[*Official Report*, 10 November 2011; Vol. 535, c. 454.]

But last week his counterpart in the other place, Lord Strathclyde, seemed to contradict him by saying that it could be in April. That is despite Government undertakings given by Lord Wallace during the passage of the Fixed-term Parliaments Bill that there would be a fixed day in May for the Queen's Speech. Based on these assurances, Labour peers withdrew an amendment to the Bill which would have set the Queen's Speech in May after local elections. Will the Leader of the House now clear up the chaos between the Government Front Benchers in the two Houses? Will he confirm that it is not his intention to stage the Queen's Speech just ahead of election purdah? Surely he has no desire to put Her Majesty in an invidious position by using her in a politically partisan pre-election stunt in her diamond jubilee year?

Every week demonstrates that the Government's economic policy is hurting but not working. The Office for National Statistics revealed a 3.5% real-terms fall in average incomes, while chief executives and directors enjoyed a 15% increase in median earnings this year alone. Meanwhile youth unemployment passed 1 million, showing the brutal price our young people are paying for the Government's failed choices on the economy. Long-term youth unemployment has risen 77% since the Government scrapped the future jobs fund. As the economy continues to flatline, instead of Government action all we are hearing from the Prime Minister is his latest list of excuses. Last year it was the snow, this year it has been the royal wedding, civil servants, trade unions and employment rights—and now it is the eurozone. The Prime Minister is like an Eton schoolboy, facing rustication by his headmaster, who will say anything and blame anyone rather than take responsibility for the consequences of his actions. Will the Leader of the House now admit that these policies are not working and urge the Chancellor to announce an economic rethink that puts jobs first in next week's autumn statement?

In opposition, the Prime Minister said that lobbying was the next big scandal waiting to happen, but after 18 months and the loss of a Cabinet Minister there is still no sign of the promised register of lobbying interests. Today there are disturbing reports that Ministers' spouses and partners will remain free to lobby the Government for private companies under any new rules. This week, it was also revealed that a serving Conservative peer and ex-Chief Whip has been appointed UK representative for the Cayman Islands in order to oppose any further regulation of offshore tax havens. Will the Leader of the House tell us when the Government propose to address the increasingly urgent need for tough regulation in this area, and what is the Government's position on serving Conservative peers lobbying against regulation of tax havens?

Sir George Young: May I begin on a consensual note and endorse every word that the hon. Lady said about our former colleague Alan Keen? Our thoughts are very much with Ann and the family at this difficult time for them.

On the statements and announcements earlier this week, my right hon. Friend the Secretary of State for Communities and Local Government, in response to a point of order, explained the background to what happened on Monday. Inevitably, as a background to the housing statement, other organisations were involved and their consent was needed to make the statement. Therefore it was more difficult—although equally essential—for the Government to maintain strict confidentiality about the announcement. I confirm that I deplore any leaking of statements that should be made first to the House and I am happy to remind my colleagues of the ministerial code and what is expected by you, Mr Speaker.

We inherited a deplorable housing position. The outgoing Government admitted that they did not give it the priority that it deserved. I hope, therefore, that the hon. Lady will welcome the initiatives announced on Monday by my right hon. Friend the Minister for Housing and Local Government to kick-start the housing market, to get public land into play and to make it easier for first-time buyers to buy their first home.

On the date of the Queen's Speech, I said on 10 November:

> "The Queen's Speech will be announced in the usual way."—[*Official Report*, 10 November 2011; Vol. 535, c. 454.]

I am not in a position to confirm a specific date—as the hon. Lady knows, it is subject to progress in another place—but I can confirm that all constitutional proprieties will be observed come the state opening of Parliament.

The hon. Lady did not remind the House of what action the Labour party took to deal with executive pay and the widening differential between executive pay and average pay, to which I referred at the last business questions. As she will know, we are consulting on the matter—consultation ends tomorrow—and we welcome the High Pay Commission's contribution. We are consulting on shareholder votes on executive pay, reforming remuneration committees, including the possibility of an employee representative, greater transparency and a much stronger link between pay and performance.

I was amazed that the hon. Lady had the nerve to mention lobbying. The outgoing Labour Government refused to implement a Select Committee recommendation of a statutory register of lobbyists. In the coalition agreement, we committed to introducing that register, and consultation on the proposals will begin shortly. We would welcome any advice that she might have.

Finally, the hon. Lady mentioned the economy. I was interested to read that apparently the Leader of the Opposition will say today:

> "The biggest economic gamble in a generation has failed".

I agree, and I am glad that he has seen the light. It was the reckless gamble that he and the shadow Chancellor took in the last Parliament that got us into this mess—borrowing beyond our means, claiming to have abolished boom and bust and completely failing to regulate the banks properly. Now they want to increase the deficit by more than £20 billion. It is their economic strategy that has failed the country—it is no wonder that the shadow Chancellor, by his own admission, is often to be found in tears.

Several hon. Members *rose—*

Mr Speaker: Order. As usual, there is extensive interest. However, Backbench Business Committee business is to follow, and it is important that we allow adequate time for that. Brevity is therefore of the essence—and we will be led in that important exercise by Karen Bradley.

Karen Bradley (Staffordshire Moorlands) (Con): May we have a debate on the Work programme and the successes on the ground? Last month, I met Staffordshire Moorlands community and voluntary services, which had taken on 56 of the most difficult to place individuals and had already found full-time work for four and part-time work for two. It would be useful for colleagues to share these on the ground success stories.

Sir George Young: I would welcome such a debate. It might be possible to have one after the autumn statement if there is a debate on the economy. I welcome the involvement of the voluntary sector in the Work programme. Citizens Advice, Mencap, the Prince's Trust and Action for Blind People will be involved in delivering the Work programme and helping to find sustainable long-term jobs for those currently out of work.

Jack Dromey (Birmingham, Erdington) (Lab): On Monday, the Prime Minister promised a housing revolution. On Tuesday, the shocking statistics were released showing a 99% collapse in the building of affordable homes and homes for social rent. The code on the release of official statistics states that statistics should be released in a way that "promotes trust". May we have a statement to the House on whether the Prime Minister, the Deputy Prime Minister and the Minister for Housing and Local Government knew of those shocking statistics before on Monday offering the latest false dawn to the people of England?

Sir George Young: The statistics to which the hon. Gentleman refers were put out by the Homes and Communities Agency on a date arranged some time ago, and it would have been wrong—it would have breached the code of practice on statistics—for any Minister to have referred to them on Monday.

Bob Russell (Colchester) (LD): Signs near motorway service stations read "Tiredness Kills. Take a Break", yet parking companies are driving motorists back on to the motorways in contravention of those signs. Is it really the role of the state, through the Driver and Vehicle Licensing Agency, to assist private parking firms that are at the limits of legality? May we have a debate on the matter? Perhaps the Home Affairs Select Committee could also investigate these rogue parking companies.

Sir George Young: I understand my hon. Friend's concern. I hope he recognises that those signs perform a useful purpose in promoting safety on motorways by encouraging people to take a break rather than carry on driving. If there were any unauthorised benefit from those signs of the type that my hon. Friend has described, I would of course be happy to take it up with the Secretary of State for Transport.

Mr Tom Watson (West Bromwich East) (Lab): The Metropolitan police have just announced that they have arrested their first suspect in computer hacking. This marks phase 2 of the hacking scandal. Does the Leader of the House think that there might be merit in having a debate, which would allow us to test the remit of the Leveson inquiry to see whether it is wide enough to incorporate this new sinister development as well as look at the recent revelation that the Mulcaire evidence file contains a suggestion that intelligence service profiles were part of his information?

Sir George Young: I am grateful to the hon. Gentleman for that information. If there has been an arrest, he will understand the difficulties of debating matters relating to it in this Chamber. He will know that the Leveson inquiry is sitting at this moment, looking at these issues, as is the Culture, Media and Sport Committee. I hope that there will be adequate opportunities—both in the House and outside it—to pursue the agenda to which the hon. Gentleman refers.

Mr Peter Lilley (Hitchin and Harpenden) (Con): Will the Leader of the House grant us a debate as soon as possible on the United Nations Intergovernmental Panel on Climate Change in the light of its recent report suggesting that the extreme weather events we were previously promised may not occur for another two or three decades and the release of several thousand more e-mails from the East Anglia university climate research unit showing that many scientists are privately lukewarmists rather than alarmists about the climate but are afraid to say so in public? Secondly, the IPCC system is being systematically abused and Government officials have been urging scientists to come out with evidence biased in the direction of alarmism lest the Government appear foolish—

Mr Speaker: Order. This is an abuse. The right hon. Gentleman is an immensely senior Member. He had heard my exhortation to brevity and wilfully defied it. It really will not do.

Sir George Young: I understand my right hon. Friend's strong views on this subject. He will know that a statement on related issues was given yesterday by the Secretary of State for Energy and Climate Change when there might have been an opportunity for him to amplify his views. I cannot promise a debate in the short term, but I hope my right hon. Friend is successful in applying for a debate on this important subject in Westminster Hall or on the Adjournment.

Ann Clwyd (Cynon Valley) (Lab): The report of the independent commission on and inquiry into the events that took place in Bahrain earlier this year was published yesterday. It shows what we all suspected and have heard about over the last few days—that psychological and physical abuse and torture took place there. In Monday's debate, will the Foreign Secretary indicate the response of the Foreign and Commonwealth Office to this very good report?

Sir George Young: I am grateful to the right hon. Lady for bringing to the House's attention this important report and what it says about the abuses and atrocities she mentioned. As she says, there will be a debate on Monday, and I will ensure that the Foreign Office Minister who handles the debate comes fully briefed to deal with the specific point that the right hon. Lady has raised.

Mr Bernard Jenkin (Harwich and North Essex) (Con): Do the Government think that the European Union summit at the end of next week is of so little consequence that it does not require any discussion before it takes place? Does my right hon. Friend recall that there used to be a regular debate before each European summit? Why has that practice been abandoned? Do the Government think that nothing of consequence will be discussed at the summit?

Sir George Young: The practice has been abandoned because of paragraph 145 of the Wright Committee report, which specifically mentioned the two pre-European Council debates that formerly took place in Government time. The Wright Committee recommended that that debate and the other set piece debates should be transferred to the Backbench Business Committee along with the time in which those debates took place. That has now happened. My hon. Friend should go to the Backbench Business Committee with his request for a debate on this particular matter. I have to say to him that it is not as though we have not debated Europe in this Chamber: we had a debate on the petition on the referendum; we had a motion to approve the budget on 8 November; we had a motion on Croatia on Tuesday; and we had a general debate on the UK chairmanship of the Council of Europe. It is not the case that these important issues have gone by default in the Chamber.

Pete Wishart (Perth and North Perthshire) (SNP): Yesterday the Scottish Parliament discussed the Act of Settlement, and there was broad and overwhelming agreement that the discrimination against Catholics must come to an end. When the Government consider sexual equality and the succession, will the right hon. Gentleman ensure that the House gets the opportunity to debate this ongoing discrimination against Catholics?

Sir George Young: As the hon. Gentleman knows, there will be a Bill on the royal succession, and I hope it will be possible to debate the important issues he has just raised in that context.

Mr David Nuttall (Bury North) (Con): May we have a debate on the increasing level of crisis in the eurozone, following the news that yesterday even Germany, which everyone was hoping was going to bail out the eurozone, was able to find buyers for only two thirds of its debt bonds for the first time since it scrapped the Deutschmark and adopted the euro?

Sir George Young: My hon. Friend raises an important issue. The Government receive a wide range of advice on a number of matters, including the international economic situation and outlook. A range of contingency plans are in hand. It would be inappropriate to comment on what may or may not happen, however, or on the detail of that advice.

Steve McCabe (Birmingham, Selly Oak) (Lab): Two weeks ago we learned that the Home Secretary had ordered a secret pilot that left our borders unprotected.

This week we learn that French company Eamus Cork Solutions, famed for sleeping guards and letting detainees wander off, has been given a contract to protect our borders, and the Government now want, at huge cost to the taxpayer, to fly volunteers in from Russia, South Africa and India to cover our borders. May we have a debate on the effectiveness of this Government's UK border controls?

Sir George Young: As the hon. Gentleman will know, the Select Committee on Home Affairs is currently conducting an inquiry into precisely the issue he raises. We take border control seriously. We are introducing a UK border agency. The situation we inherited from the outgoing Labour Government was less than satisfactory, and we are now putting the deficiencies right.

Gareth Johnson (Dartford) (Con): Given that striking public sector workers will in effect be saying next week that the rest of us should pay more tax to support their pensions, may we have a debate in Government time on their premature and irresponsible actions?

Sir George Young: I endorse what my hon. Friend says about the impact of this strike. I hope that, even at this relatively late moment, many of those who are contemplating striking will not do so, as a strike would have a damaging impact on the economy. Negotiations on the pension deal are continuing. It is my view—and, I think, the view of many in this House—that it is a generous offer, striking a fairer balance between taxpayer and public sector employee. The best thing that could happen would be for those involved to accept the offer that is on the table, to call off the strike action and to get on with rebuilding the economy.

Paul Flynn (Newport West) (Lab): Witnesses before a Select Committee have said that the inquiry into the Werritty affair was rushed and inadequate, and possibly in breach of the ministerial code as it was not conducted by the only person who is the enforcer of the code: the independent adviser on ministerial affairs. As the inquiry was conducted for reasons of political expediency to avoid embarrassment for the Government, and as new evidence is available, should we not have a full legitimate inquiry conducted by the only person authorised to undertake it: Sir Philip Mawer?

Sir George Young: No, and I am sure the hon. Gentleman did not intend to cast any aspersions on the person who carried out that inquiry, Sir Gus O'Donnell. It was a full inquiry; it was not rushed, as the hon. Gentleman implied, and I think it brought the matter to a satisfactory resolution.

Tony Baldry (Banbury) (Con): May we have a debate on deportation? On occasions too numerous to mention, when I investigate through the UK Border Agency the immigration status of people who come to see me in my constituency surgeries, I discover that they had exhausted their possible remedies many years ago and had been told they had to leave the jurisdiction. They are exhorted to leave it voluntarily, but of course they have no desire to do so but want to stay in the UK indefinitely. Until we get to grips with the whole issue of people leaving the jurisdiction who have no right to be in the jurisdiction, we will never sort out the problem of immigration.

Sir George Young: My hon. Friend is right, and he will know that in the last 15 months the Home Office has taken effective action and more people are now being deported than was the case in previous years. My hon. Friend the Minister for Immigration wants to make further progress, and I shall ask him to write to my hon. Friend setting out the further action we are taking to make sure that those who are not entitled to stay in the country leave it.

Valerie Vaz (Walsall South) (Lab): On 3 November I raised an issue in respect of the public duty costs allowance. Uncharacteristically, I have not yet received a response from the Leader of the House as to why £1.7 million has been paid to former Prime Ministers. That money has obviously gone through the Government's books in some way, so may we have a list of exactly what duties were performed, and whether invoices and receipts had to be provided?

Sir George Young: I am sorry if the hon. Lady has not received any information that she is entitled to. I will chase this matter up the moment these business questions finish, and make sure that she gets an answer from the appropriate Minister.

Philip Davies (Shipley) (Con): The TaxPayers Alliance has recently published a new and compelling report called "Industrial Masochism", which demonstrates how the carbon floor price threatens the jobs of tens of thousands of British workers as energy-intensive businesses relocate overseas. Could we find time for an urgent debate on the impact of the Government's climate change policies on British industry, so that workers in these vital manufacturing sectors can learn why their jobs have been sacrificed on the high altar of global warming?

Sir George Young: I am grateful to my hon. Friend for his question. As he will know, following the statement by the Secretary of State for Energy and Climate Change a document was published setting out the impact of climate change policies on households and industry. I think my hon. Friend will find that that document comes to a slightly different conclusion from the TaxPayers Alliance. I would welcome a debate on this matter, as would my right hon. Friend the Member for Hitchin and Harpenden (Mr Lilley) who spoke a few minutes ago, but I cannot promise that we can find time for that in the near future.

Mr Ben Bradshaw (Exeter) (Lab): Will the Leader of the House invite the Prime Minister to come to the House to explain why he did not feel the need to declare his land deal with a major Conservative party donor and lobbyist? Following on from the question asked by my hon. Friend the Member for Newport West (Paul Flynn), what is the point of having an independent standards commissioner if his advice is never sought?

Sir George Young: The right hon. Gentleman might have put that question to the previous Prime Minister. On the first issue, my right hon. Friend the Prime Minister took the necessary advice from those at No. 10, and that advice was that he did not have to register that particular piece of property. The information is in the public domain anyway because of the Land Registry.

Greg Mulholland (Leeds North West) (LD): There is real concern in Otley among staff, students and the local community about the conversion of Prince Henry's to an academy. May we have a debate on the rules surrounding conversion to academy status, because at present it can be done on a single, even a casting, vote on the governing body, and consultation can simply be whatever the school says it should be? That is clearly unsatisfactory, and it needs to be changed.

Sir George Young: I say to my hon. Friend—*[Interruption.]* Those rules are—*[Interruption.]* Those rules—*[Interruption.]*

Mr Speaker: Order. It is very discourteous for all sorts of finger-pointing across the Chamber to take place. The hon. Member for Leeds North West (Greg Mulholland) has asked—*[Interruption.]* Order. *[Interruption.]* Order. I am not looking for, or expecting—*[Interruption.]* Order. I am not looking for, or expecting, any response from the hon. Gentleman, and it is not for the hon. Gentleman to sit in his place shaking his head. The hon. Gentleman asked—*[Interruption.]* Order. The hon. Gentleman had better watch himself very carefully. He has asked a question of the Leader of the House, and the Leader of the House is courteously responding. The hon. Gentleman will sit quietly and listen to that response. If he finds himself unable to do that, he knows what his alternative is.

Sir George Young: The rules to which my hon. Friend refers are exactly the same as those that pertained under the previous regime, and which we inherited from the outgoing Government. I will draw his concern to the attention of the relevant Department and see whether there is any role for the responsible Minister to play, but I have to say that, by and large, conversion to academy status has been welcomed by local communities.

Kevin Brennan (Cardiff West) (Lab): May we have a debate on Lords reform? I do not know whether the Leader of the House is a fan of "I'm a Celebrity...Get Me Out of Here!", but would not one interim solution to the overcrowding he is causing down the other end of this building be a new reality TV show, perhaps called "Peer Pressure", as that would provide an efficient and entertaining way to cull the rapidly increasing population of the unelected?

Sir George Young: The hon. Gentleman may find that when his parliamentary career here finishes he does not end up in the upper House. I say to him that one of the problems that we inherited from the outgoing Government was the total failure—[Hon. Members: "Oh no."] Oh yes. We inherited their total failure, after three elections where there had been overwhelming Labour majorities, to deliver on their election manifesto and reform the upper House. We have a draft Bill going through at the moment, which is being examined by a Joint Committee—I am sure that it will be interested in the hon. Gentleman's views. The person who increased the size of the House of Lords more than anybody else was Tony Blair.

Charlie Elphicke (Dover) (Con): May I echo the call by the shadow Leader of the House for a debate on lobbying, particularly that by trade unions? Many of my constituents have expressed concern to me, as they feel that trade union cash should not buy a vote or an amendment in this House.

Sir George Young: I would welcome such a debate. My view is that it would be in the interest of the Labour party to have a slightly weaker link with the trade unions. I think that many Labour Members, in their heart of hearts, believe that the pension deal on the table is a generous one which they would like to commend but cannot because of the links to which my hon. Friend has just referred.

Mr John Spellar (Warley) (Lab): Can the Leader of the House clear up his confusion over the Queen's Speech? He had previously said that it would be in May. It was claimed that the Fixed-term Parliaments Bill would create a more predictable parliamentary timetable, and during its passage Lord Wallace, on behalf of the Government, committed them to May-to-May Sessions. Yet last week Lord Strathclyde referred only to "spring", which we know means, in ministerial terms, from the first crocuses in February to sometime in the middle of June. The Leader of the House can clear this up now, so will the Queen's Speech be in May—yes or no?

Sir George Young: I refer to the answer that I gave to the hon. Member for Wallasey (Ms Eagle); we will announce the date of the Queen's Speech in due course. If the right hon. Gentleman can be patient, he will find that the moment will come. The Fixed-term Parliaments Act fixes the date of the next general election in May 2015—that is a fixed event. The actual date of the Queen's Speech between now and then depends on the progress of legislation. I hope that the right hon. Gentleman will use whatever influence he has in the other place to make sure that the Bills before it complete their passage in good time.

Robert Halfon (Harlow) (Con): Has my right hon. Friend seen the e-petition from my constituent Mr Colin Riches entitled, "Support The Best Policy for Children; give Both Parents Equality in Law"? May we have an urgent debate on the Norgrove report and ensure that fathers have equal access to children?

Sir George Young: I am grateful to my hon. Friend for drawing the House's attention to the independent review panel, which has just reported. My right hon. and learned Friend the Lord Chancellor is considering all the recommendations in detail and will respond in due course. We want a family justice system that meets the needs of those at the heart of the system—the children.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): May we have a debate to discuss the challenging of racism in politics? If such a debate were secured, I would like to raise the issue of the St Andrews university Conservative association burning an effigy of US President Barack Obama last Friday. Almost one third of students at the university are American. Does the Leader of the House believe that such incidents are conducive to Britain's relationship with its closest ally?

Sir George Young: I would condemn what happened in that particular club, and I hope that there is no repetition of that incident in any organisation associated with my party.

Andrew Jones (Harrogate and Knaresborough) (Con): Please may we have a debate about exports and, specifically, the success of British exporters? The latest data for the first three quarters of this year show a 13% increase in exports, with faster growth in exports to the BRIC countries—Brazil, Russia, India and China—especially China.

Sir George Young: I am grateful to my hon. Friend for drawing attention to one of the ambitions of our economic policy, which is to switch the emphasis on growth from spending and borrowing to investment and exports. The fact that we are not in the eurozone enables us to have a competitive exchange rate, which in turn gives our exporters a head start over those in some other countries.

Julie Hilling (Bolton West) (Lab): Are the Government delaying the Queen's Speech because the economy is flatlining, because they have run out of ideas or because their legislation is so bad for Britain that they cannot get it through the other place? Are we ever going to have the Queen's Speech?

Sir George Young: The Government's legislative programme has made good progress through this Chamber and is now in the upper House, where we are awaiting the Welfare Reform Bill, the Health and Social Care Bill and the Legal Aid, Sentencing and Punishment of Offenders Bill. I hope that those Bills will receive legitimate and proper consideration down there and then come back. When the Government have got their Bills through this House, it will then be time to give the date of the Queen's Speech, but not until then.

Guto Bebb (Aberconwy) (Con): May we have a debate on the maintenance of railway lines in Wales? The Conwy Valley railway line in my constituency should be maintained to route availability 7 standard. A commercial proposition to use the line to carry goods has been rejected because the line has not been maintained to that standard, thus costing jobs and investment which are much needed at this time.

Sir George Young: I am grateful to my hon. Friend for his question because, as a former Secretary of State for Transport, I am interested in promoting use of the railway. The issue that he has raised is a technical one for Network Rail, but I will raise it with my right hon. Friend the Secretary of State for Transport to see whether we can make some progress and expand that route for the use to which my hon. Friend has just referred.

Mr Denis MacShane (Rotherham) (Lab): The Leader of the House must not keep hiding behind this wretched Wright Committee recommendation abolishing debates on Europe. I know that we have had specific debates on this and that, but the hon. Member for Harwich and North Essex (Mr Jenkin) is absolutely right to say that we need a broad debate on Europe, particularly at this stage of our historic relationship with the EU. The Backbench Business Committee carries out its *Daily Mail* rent-a-petition, rent-a-debate duties, but it is for the Government to provide time to discuss this vital issue for our nation's future.

Sir George Young: I have to say to the right hon. Gentleman that if we had not implemented the Wright Committee's recommendations, he might well have been one of the first to criticise us for going back on a clear election commitment. The fact of the matter is that the Government have given some of the power and patronage they used to have away. We have given it to the Backbench Business Committee, which gets roughly one day a week, and it is up to that Committee to decide what it does with that time. One set of debates that was handed over to that Committee, along with the defence debates, was the pre-European Council debates. The Committee has chosen not to have such a debate. That is a consequence of setting up the Backbench Business Committee and transferring the days to it.

Kris Hopkins (Keighley) (Con): The Leader of the House may be aware that Welcome to Yorkshire, the official tourism agency for Yorkshire, is due to lose its public funding in April 2012. May we have an urgent statement from the Minister for Tourism and Heritage, my hon. Friend the Member for Weston-super-Mare (John Penrose), setting out what the Government might do to bridge this funding gap in the next financial year, in order to protect the Yorkshire tourism industry from potentially catastrophic circumstances?

Sir George Young: As my hon. Friend will have discovered, other Members in the House think that their own county deserves generous support on funding tourism. Yorkshire was the county that received more cash than any other area of the country, and it is having to go through the same process as everyone else in adjusting to the new regime. It has an advantage, in that Yorkshire received £10 million of regional development agency funding for the financial year 2011-12, because of a three-year agreement between Welcome to Yorkshire and Yorkshire Forward, which other regions did not get. I can say to him only that there may be other sources of funding—the regional growth fund, the European regional development fund and the rural development programme for England—to which he may turn for assistance.

Heidi Alexander (Lewisham East) (Lab): I would like to return to the issue of the housing statement and the Homes and Communities Agency figures. They show that in London the number of social rented homes started between April and September this year was just 56, which is 7,469 down on the figure for the previous six months. If the Government knew that the figures were going to be released on Tuesday, why was the statement not made on the same day?

Sir George Young: The statement was made in its own right, independent of the statistics to which the hon. Lady refers, and I do not think that she should link them in the way that she has. I hope that she will welcome what was said on Monday, which was aimed at kick-starting the housing market and doing better than the outgoing Labour Government on housing starts and housing completions.

Dr Andrew Murrison (South West Wiltshire) (Con): May we have a debate on the very long-standing regional disparity in rail ticket pricing, particularly given the welcome investment in rail infrastructure? Sadly, that will not directly benefit many of those living in the west country, who are at risk of becoming the poor country cousins on rail transport.

Sir George Young: I have some sympathy with the point that my hon. Friend makes, because I sometimes see him on the same train as me when I go to my constituency. I will raise with my right hon. Friend the Secretary of State for Transport the issue as to whether there is a disparity between ticket prices and investment in infrastructure, and see whether there is any role for her to play in getting a more level playing field.

Ian Murray (Edinburgh South) (Lab): The Business Secretary gave a speech yesterday on the dilution of employee rights. It was accompanied by a written statement in this House and a fleeting mention in yesterday's Opposition day debate. He now seems to be indicating, through the media, that he did not agree with a word that he said in either his speech or his written statement. May we have an urgent statement in this House on the role of employee rights and what the Government's intentions are by making it easier to fire employees rather than hire them?

Sir George Young: The Secretary of State for Business, Innovation and Skills was in the Chamber yesterday answering questions during his speech and he spoke in the House after he made his speech to the Engineering Employers Federation. We had an opportunity to cross-examine the Secretary of State only yesterday on precisely the issues that the hon. Gentleman has just raised.

Christopher Pincher (Tamworth) (Con): Earlier this month, despite the considered statement of the Chief Secretary to the Treasury on 2 November, West Midlands ambulance service workers voted to strike next week, threatening to bring chaos to a service that deals in matters of life and death. May we have a debate on the implications of that strike, because I fear it will be very deleterious to the health of many people in the west midlands?

Sir George Young: I hope that people in the west midlands have listened to my hon. Friend and will reflect before they go on strike, if that is what they are planning to do next Wednesday, and on the consequences for schools and, in some cases, for health. I hope that if the Labour party has any influence it might bring that to bear on the trade unions, condemn the strikes and persuade them to abandon them and accept the generous offer that is on the table.

Alex Cunningham (Stockton North) (Lab): The Leader of the House will be aware that a YouGov poll this week showed that 59% of people agreed with a total ban on smoking in cars with passengers, a view supported by the majority of all three major parties' supporters. The British Lung Foundation, of which I know the Leader of the House is a supporter, says that 86% of parents support a ban when children are present. My ten-minute rule Bill on the subject is 10th on the list tomorrow and is likely to run out of parliamentary time. Will the Leader of the House please give some Government time so that we can debate that important issue and so that the House can make clear its view on a ban on smoking with passengers and children, and also on an outright ban?

Sir George Young: I commend the hon. Gentleman's work and that of the all-party group on smoking and health, which has played an active role in campaigning and was very influential in the last Parliament in making progress on the ban on smoking in public places. I cannot promise Government support for his ten-minute rule Bill—he will have to come along tomorrow and see what happens—and I see some difficulties in trying to enforce a ban on all smoking in cars. That might have to wait until public opinion has moved on.

Henry Smith (Crawley) (Con): May we have a debate on the equity of child benefit payments, particularly when parents are separated but still have joint child care responsibilities?

Sir George Young: My hon. Friend raises a serious issue. Sadly, more and more families are splitting up and there is an issue about whether the child benefit should go to one parent or another. I think I am right to say that at the moment it cannot be split. That is also the case with other child-related benefits. I will raise the question with my right hon. Friend the Chancellor of the Exchequer, who has responsibility for it, and see whether there is any way of coming to an arrangement whereby those benefits or tax credits are apportioned in a fair way to reflect the responsibilities that underpin them.

David Wright (Telford) (Lab): The Leader of the House has debating time on his hands. May we have a specific debate about the provision of social rented housing in this country? There are 20,000 people in Telford looking for rented housing in the social sector and thousands of them are in urgent need. May we have a debate as soon as possible on rented housing provision? We have heard already from my hon. Friend the Member for Birmingham, Erdington (Jack Dromey) about the collapse in the provision of new social rented homes and we need a debate urgently.

Sir George Young: As the hon. Gentleman will know, I have announced that there will be an Opposition day. Perhaps his bid was heard by his friends on the Front Bench. He will also know that waiting lists doubled under the last Labour Government and that is the problem we are now trying to address.

Gavin Barwell (Croydon Central) (Con): The sympathy that my constituents feel for public sector workers who face a freeze in their pay and changes to their pension contributions will be significantly eroded by the inconvenience and worse that will be caused by the proposed strikes. May we have a debate on the legitimacy of those strikes, so that we can see whether Labour Members will stand up for their constituents or their paymasters?

Sir George Young: I am grateful to my hon. Friend. We are trying to get a fairer balance between the public sector employees and the taxpayer, who pays a very

large percentage of the pension contributions. My hon. Friend raises a good point. I detect public sympathy ebbing away from those who are planning to strike and they would do well to reflect on that before they go ahead with their action on Wednesday.

Mr David Winnick (Walsall North) (Lab): Would it not be useful to have a debate in the very near future on the obsessive hatred—there is no other way to describe it—that the Tory party has and always has had for the trade union movement? Trade unionists need no lectures about public service and patriotism from the Conservative party.

Sir George Young: That is a travesty of my party's view about trade unions. I was a member of a trade union until I was expelled and described as a "pin-striped bovver boy" by ASTMS, the Association of Scientific, Technical and Managerial Staffs, back in the 1970s. The trade unions have a legitimate role to play in this country but we think that the very strong links between the trade unions and one political party are unhealthy for that party.

Andrew Selous (South West Bedfordshire) (Con): Our constituents in care homes are among the most vulnerable we represent and the Care Quality Commission is supposed to be one of their guardians, yet its recommendations are not always implemented. May we have a debate on the important subject of how we protect those very vulnerable constituents?

Sir George Young: My hon. Friend is quite right that sometimes action is not taken. The answer is that the Care Quality Commission has a range of enforcement powers at its disposal and his message is that it should use those more often to address the problems he has described. The CQC has a range of enforcement powers that it can use to bring a provider back into compliance and in the case of the most serious failings it can cancel a provider's registration, which would simply result in that provider's closure. My right hon. Friend the Secretary of State for Health has emphasised to the CQC the importance of driving up standards and using all the powers at its disposal to do that.

Nick Smith (Blaenau Gwent) (Lab): May I press the Leader of the House? Given the shockingly low number of affordable housing starts—just 454 in the six months from April, a figure that was revealed the day after the Government's much-trumpeted housing strategy—may we have a debate in Government time on the crisis in our construction industry?

Sir George Young: I hope that the hon. Gentleman will welcome the statement made by my right hon. Friend the Minister for Housing and Local Government on Monday, which addressed the parlous state of the housing and construction industry we inherited, the action we are taking to bring public land back into use, the incentives we are giving to local authorities to develop and the help we are getting through building societies and banks for first-time buyers. We are taking effective action to kick-start the sluggish housing economy that we inherited.

Glyn Davies (Montgomeryshire) (Con): The economy of my constituency is almost entirely made up of small and medium-sized enterprises, public support for which comes from both sides of the England and Wales border. Will my right hon. Friend programme a debate to discuss the future of SMEs and support for them, with particular reference to cross-border issues?

Sir George Young: There will be an opportunity to debate that issue in the debate on the economy that I announced at the beginning of this question session. We are determined to make more resources available to SMEs and, as part of Project Merlin, the Chancellor announced that the banks intend to lend £190 billion of new credit to businesses, which is a significant increase on the £179 billion in the previous year. We are taking other action, such as reducing the corporation tax rate for small businesses. I would welcome my hon. Friend's contribution to that debate and the response from Ministers will set out all the action we are taking to help SMEs.

Kelvin Hopkins (Luton North) (Lab): Research reported last week has found that 10,000 babies are born each year damaged by smoking and the consumption of alcohol and drugs during pregnancy. Some 6,000 of those babies are affected by foetal alcohol spectrum disorders. Is it not time for the Government to make a statement on and bring forward proposals to deal with this tragic situation?

Sir George Young: The Government are very anxious to drive down perinatal and antenatal mortality and we have taken a number of measures already to promote public health. The Health and Social Care Bill, which is now going through the House, will, I hope, make some progress in that direction. I will bring the hon. Gentleman's suggestion to the attention of my right hon. Friend the Secretary of State for Health and ask whether there is more we can do to diminish the number of babies who are born damaged or, sadly, die because of excess alcohol consumption by their mother.

Brandon Lewis (Great Yarmouth) (Con): Through the all-party parliamentary group for local growth, enterprise zones and local enterprise partnerships, it is clear that the organisations involved in enterprise zones understand the importance of opportunities for small and medium-sized enterprises in enterprise zones. Seajacks in Great Yarmouth is likely to be the first organisation to go into an enterprise zone, highlighting how important SMEs can be for growth and job creation. May we have a debate in the Chamber on the importance of SMEs, particularly with reference to opportunities in enterprise zones?

Sir George Young: I believe that my hon. Friend is the chairman of the all-party group and I commend him for his activity in that regard. I hope there will be an opportunity when we debate the economy to say a little more about SMEs. We have extended the level of small business rate relief for two years. We have a new fund of enterprise capital funds, which I hope will help, and there is also entrepreneur's relief and other initiatives such as the enterprise finance guarantee, all of which I hope will help SMEs to grow and employ more people.

Mr Philip Hollobone (Kettering) (Con): The National Audit Office has revealed the shocking statistic that £2 billion is owed to the Ministry of Justice by convicted criminals in outstanding confiscation orders and unpaid

[Mr Philip Hollobone]

court fines. That figure is £400 million higher than in the previous year. Given that it is the policy of Her Majesty's Government to reduce the number of people in prison and increase the number of criminals who are fined, may we have an oral statement from the Secretary of State for Justice, so that we can hold him to account for this shocking state of affairs?

Sir George Young: My hon. Friend raises an important issue. That figure has gone up because the courts are using the relevant provision more often than previously. Also, some of the confiscations are for very large sums indeed—I think there is one of £189 million—which explains why there has been an increase. I can tell my hon. Friend that a blitz on this, using a range of powers such as attachment of earnings, seizure of assets and other measures, is planned to try to get that figure down.

Bob Blackman (Harrow East) (Con): Last Sunday in Hungary, legislation was passed that withdrew recognition of Hinduism as a recognised religion in the country. That threatens not only people's right to celebrate and worship in accordance with the religion of their choice but the land-ownings of people who celebrate that religion. So far, the Hungarian ambassador refuses to take delegations representing those Hindus in this country and, equally, my right hon. Friend the Foreign Secretary has been unable to intervene in this process. May we have an urgent debate in the House on the protection of religious minorities in countries where they are threatened in this way?

Sir George Young: I am grateful to my hon. Friend for raising the issue. I understand that our ambassador would be very happy to meet him and talk it through, and that our ambassador has already raised the matter with the Hungarian authorities. As I understand it, the legislation is aimed not at discriminating against Hindus but at preventing quasi-religious organisations from benefiting from a tax break. It would be quite wrong if Hindus were penalised and I very much hope that the dialogue that my hon. Friend has with the ambassador will enable progress to be made and reassurances to be given to the Hindu community in Hungary.

Andrew Stephenson (Pendle) (Con): The decision to extend small business rate relief until October 2012, which the Leader of the House has mentioned, has been hugely welcome in Pendle, where more than 1,000 small businesses fall into the relevant category and have benefited from paying either reduced business rates or none at all. May we have a debate on the success of that scheme and on what more the Government can do to support small businesses, which are the backbone of the British economy?

Sir George Young: I very much hope that the Chancellor of the Exchequer tuned in and heard my hon. Friend make that bid, and that he is able to take it into account as he prepares his remarks for next Tuesday. As I have said, I hope there will be an opportunity to debate the extensive support that we are giving to SMEs when we have the debate on the general economy.

Dr Thérèse Coffey (Suffolk Coastal) (Con): The Leader of the House will be aware that last year the House voted to raise the subsidy for post offices by up to £500 million, but there is no accountability to the House about how that money is spent, where it is spent and what criteria are used. May we have an urgent debate on that, because I believe that the Post Office is failing in its delivery of post offices, and we might be able to reopen the post offices in Wangford, Walberswick and Blythburgh?

Sir George Young: I understand my hon. Friend's concern. I wonder whether this is a subject that the Select Committee on Business, Innovation and Skills might look at and press with the Post Office. I will raise it with ministerial colleagues to see whether we can get some accountability for the large sum she has mentioned.

Points of Order

12.24 pm

Mary Creagh (Wakefield) (Lab): On a point of order, Mr Speaker. You will have heard in DEFRA questions a couple of hours ago the Under-Secretary of State for Environment, Food and Rural Affairs, the hon. Member for Newbury (Richard Benyon), tell the hon. Member for North Wiltshire (Mr Gray) that he had protected the budget for the wildlife crime unit and for raising awareness about the need for people not to bring animal products back into this country when they go on holiday. That rang alarm bells for me because I asked the Under-Secretary how much he was contributing to the wildlife crime unit this year and he replied, in a parliamentary answer in March, that he had cut his contribution to that budget. Also, the budget for activity at airports and the "Don't bring me back" campaign was about £45,000 under the Labour Government and has fallen to less than £25,000 per annum, so I wanted to set the House straight and to give the Minister the opportunity to correct the record as soon as possible.

Mr Speaker: I am very grateful to the hon. Lady for her point of order. My responsibilities do not extend to the financing of the fight against wildlife crime and I do not think there is a matter for the Chair here. One could be forgiven for thinking that the hon. Lady was seeking to continue the debate that took place at Question Time, but that would be an uncharitable view for me to take. Knowing her as I do, I know that she would not engage in that sort of unworthy endeavour. She has put her thoughts on the record and if the Minister were here he could respond, but he is not, so he cannot.

Thomas Docherty (Dunfermline and West Fife) (Lab): On a point of order, Mr Speaker. You will be aware, further to the point that my hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) made, of the disgraceful actions of Tory students at St Andrews university on Friday night when they burned an effigy of President Obama. *The Courier* newspaper has today reported that this action has failed to receive condemnation from the Tory leader and that it has received widespread coverage in the United States. On behalf of the people of Fife, may I make it clear that we absolutely condemn those actions? Has the Foreign Secretary indicated to you, Mr Speaker—

Mr Speaker: Order. I think we have heard enough. It was instructive for me to listen to what the hon. Gentleman had to say. Obviously, I have no responsibility for these matters, but the issue was aired a few moments ago and the Leader of the House's response was absolutely explicit. As to what other members of the Government might or might not say or what statements on the subject could or could not be issued, that is not a matter for me. The hon. Gentleman is invariably like a dog with a bone and so I rather suspect he will pursue the matter if he feels so inclined, but I hope that he will not do so by trespassing on the time of the Backbench Business Committee.

Backbench Business

[Un-allotted Day]

BAE Systems

Mr Speaker: Just before I call the right hon. Member for Haltemprice and Howden (Mr Davis) to move the motion, I stress for the convenience of the House that the six-minute limit on Back-Bench contributions will take effect after the speech by the shadow Minister, which I think will be the fourth speech in the debate.

12.27 pm

Mr David Davis (Haltemprice and Howden) (Con): I beg to move,

That this House urges BAE Systems to act to preserve the UK's defence production skills base and, as a recipient of enormous resources over many years from the UK taxpayer, to deploy those resources in such a way as to protect the nation's manufacturing capability.

On 27 September, BAE Systems, which is Britain's biggest engineering employer, delivered an agonising shock to its work force. It announced that it intended to lay off 3,000 employees in its plants across the country. In this process it will be closing the production plant at Brough in my constituency, thereby terminating the jobs of almost 900 skilled workers and staff. That was a shock, but not a surprise because the previous weekend the newspapers had published a leak about those plans, which were in breach of all BAE's codes of corporate responsibility. This cruel treatment of a loyal, decent and hard-working work force was, frankly, a disgrace. As I shall point out, that was not the only disgraceful aspect of this decision.

The symbolism of this retrenchment could hardly be starker. Both aerospace and defence are massively important businesses for the United Kingdom. BAE is by far the biggest company in either industry in Britain. The size of the cutback is grievous and grimly symptomatic of the decline in manufacturing in this country—so far, so bad—but there is a risk in this storm of statistics and grand economic strategy that we lose sight of what really matters. What matters most is the misery that the decision visits on individuals, families and communities: the destruction of their hopes and the blighting of their lives.

In Brough—a community that thinks of itself as the home of the Hawk, centred on a factory that has been building military aircraft since 1916—the shock was visible. It is one of those factories where grandfathers, fathers and sons all work, thus maintaining a proud tradition of skilled work through the generations. A number of married couples who work there met there. Therefore, after Christmas this year, whole families will be looking for work, and what a time and place to look for work. Many of them live in a part of Hull that has more unemployed people chasing every job than anywhere else in the country. In the past four years, the city and area have lost 7,500 manufacturing jobs—a quarter of all the manufacturing jobs now left there.

Brough's closure is not only an industrial tragedy, but a human tragedy—all so painful, and all so unnecessary. While Brough was announcing job losses across Yorkshire and Lancashire, Airbus was opening a £400 million

[Mr David Davis]

factory, which increased jobs by 650 and underpinned 6,000 other jobs. That factory makes Airbus wings. In past years, Brough and other parts of the BAE empire have made the struts, spans and other parts of wings for Airbus.

Until about five years ago, BAE maintained a stake in Airbus. The close relationship meant that Airbus components of all sorts were made by the BAE work force. That was a smart strategy. Although civil and military aviation operate on different business and economic cycles and different demands at any time, the manufacturing skills and requirements are interchangeable to a large extent. Until then, the company could switch resources backwards and forwards to whichever sector had the demand.

Despite the counter-cyclical nature of those businesses, profits were stabilised—as, of course, was employment—but five years ago, before the banking crash and the sudden constraints on public spending, defence sales looked lucrative and profitable, and civil aviation looked just a bit too competitive. Now, all is reversed of course: defence sales are hard to come by anywhere in the world, and commercial aviation is booming.

In 2006, in what must count as an astonishing piece of strategic myopia, the company made a hideously short-term decision and disposed of its stake in Airbus and withdrew from civil aviation. Britain is the country that created the first jet airliner. We now own no production capacity for civil airliners. That is not the only strategy error to hit the work force.

Over the years, BAE and its predecessor companies have had a symbiotic relationship with the Government that is all too characteristic of defence industries. In the largely cost-plus environment of defence procurement, the British taxpayer funds the development and production of weapons and aircraft. British test pilots risk their lives testing, proving and improving those aircraft. In exchange, the nation receives the aircraft, equipment and weapons necessary to defend our shores and interests, but it also obtains a defence industrial capacity that supports us in time of war.

In addition, the Government go in for defence sales support, specifically to maintain the viability of that domestic capacity. That is the theory. It seems to me that what has been happening is almost the opposite. Let us take, for example, the Harrier, perhaps the most iconic post-war British aircraft. Without it, we might have lost the Falklands war. It was developed with British taxpayers' money and tested by British test pilots. Today, it is an American aircraft. As far as I can tell, the Americans paid little if anything for the transfer of intellectual property in the most innovative aircraft since the war, yet they now manufacture that aircraft: British money; British skill; American jobs and capability. Sadly, that appears to be happening again.

If we win the potentially huge American order for the T-X aircraft, between 350 and 1,000 advanced Hawks will be manufactured not in Britain, but in Texas. What that means is demonstrated by what has been happening with the sales of the Hawk to India. In the past decade, about 150 Hawks have been sold to the Indian air force. The vast majority of them—all except the first 24, I think—have been built in Bangalore. BAE will tell anyone, as they told the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) and me at the time, that it was a necessary offset and that it did not mean that it was moving Hawk production abroad.

I looked in the Indian papers and the defence journals that cover both sides of the story to see what is happening on that project. Ashok Nayak, the chief executive of Hindustan Aviation, which builds the Hawk in India, said this year:

> "Last year, while negotiating the contract for 57 Hawks, BAE Systems wanted to give HAL"—

Hindustan Aviation—

> "additional work in building Hawks in the future. HAL is looking for a large role in that build. What exactly, is still being discussed."

That was quoted in the Indian newspaper, *Business Standard*, but such things are said in not just one paper. The journal *Defence Now* said much the same thing:

> "BAE was discussing moving more production to Hindustan Aviation",

effectively to create export sales out of India. Separately, reporting at the Paris air show earlier this year, the journalist David Donald said in another journal:

> "BAE Systems envisions no problems in maintaining the Hawk's production status for many years, with the production line in India now driving and sustaining the all-important supply chain."

It is plain to see that, whether by accident or design, BAE is effectively moving to a position where the emblematic British aircraft, the Hawk—the Red Arrows aircraft—will be made abroad. That is where a serious part of our jobs are going now. What happened to the Harrier yesterday and what is happening to the Hawk today, if we are not careful, will happen to other aircraft in the future. In summary, successive British Governments have maintained a policy to keep a cost-effective British defence industry on British soil. BAE Systems has gained from that strategy, with the effect that we have exported those jobs and capability to foreign soil.

It gets worse. Since the 1960s, to maintain a viable defence industry, successive British Governments of all parties have operated under a set of rules, known as the yellow book, that determine which costs the company meets and which costs the taxpayer meets. It transpires that when BAE lays off 3,000 workers, the BAE shareholder will not meet the cost, as is reported on the front page of the *Hull Daily Mail* today: "Taxpayers face £100m BAE bill". Given how the system works, between £60 million and £110 million—we do not yet have the total—will be paid by the taxpayer, not by BAE, to lay off 3,000 people and destroy their jobs. That is outrageous.

A policy designed to defend our defence capability is being used to make us subsidise the destruction of that capability. A policy designed to defend and protect British jobs is being used to destroy British jobs. If I were the Minister, I would not pay BAE a penny. I would tell BAE, "This is your decision. This is the outcome of your strategy. If you don't like it, I'll see you in court."

I should tell the Minister that I have spoken to the Chairman of the Public Accounts Committee about this matter, and she has agreed to have a National Audit Office investigation. I hope that that helps to stiffen the Ministry of Defence's spine. I have also discovered that BAE has already benefited to the tune of hundreds of millions of pounds from such yellow book subsidies for failure. I will ask the PAC to investigate that, too.

Mr Ben Wallace (Wyre and Preston North) (Con): I have been following the thread of my right hon. Friend's argument, but I point out that the issue is not entirely one-sided for BAE Systems. The previous Government signed a number of contracts based on the work throughput in a location. No matter what Her Majesty's Government ordered, BAE Systems was guaranteed to deliver work, through the Clyde, Woodford and other sites around the United Kingdom. If the Government cancelled orders, BAE Systems had to pick up the bill, because it was a sort of Stalinist tractor factory contract that the previous Government put in place.

Mr Davis: Frankly, I will resist making this a Labour versus Tory argument, for a simple reason. For the past 10 years, when it comes to BAE Systems and employment in our constituencies, the right hon. Member for Kingston upon Hull West and Hessle and I have studiously aimed solely at protecting jobs, sometimes demurring from scoring political points. My hon. Friend the Member for Wyre and Preston North (Mr Wallace) makes a good general point, that there is a central planning approach—a bad one—but the raw truth is that it was designed to ensure that our defence capability and defence employment were stable, and would be there in time of war. That has been turned, and it has effectively been used to destroy those jobs and that defence capability.

Mr Jack Straw (Blackburn) (Lab): Mr Deputy Speaker—who represents Ribble Valley, in which Samlesbury sits—together with many other colleagues, regardless of party, and I have sought to adopt the same bipartisan approach in our pursuit of BAE interests on our side of the Pennines. We are in full support of what the right hon. Member for Haltemprice and Howden (Mr Davis) and my right hon. Friend the Member for Kingston upon Hull West and Hessle (Alan Johnson) are seeking to do. It would be terrible and hopeless if we turned this into a 2011 contest across the Pennines.

Mr Davis: The right hon. Gentleman is absolutely right on both counts. It would suit the people whose minds we are trying to change very well if we fought against ourselves on party political or geographical grounds. Much as I look back with amusement and fondness on past cricketing experiences in the wars of the roses, those wars need not be repeated here and now.

Mr Tobias Ellwood (Bournemouth East) (Con): My right hon. Friend makes a powerful argument, much of which I agree with, but in the interests of balance, will he concede that there is another side to the coin? The Apache helicopter, which we purchased, made by Boeing, was built in the UK, not by the American work force. We also make kit that is exported: the empennage—the rear section—of the F-35, designed for an American market, is made here, and the M777 Howitzer is made in this country and exported. There is another side to the coin.

Mr Davis: There is another side to the coin, but since my hon. Friend draws me on that point, I am afraid that on one side there is a pound, and on the other there is a ha'penny. I was the Public Accounts Committee Chairman for five years, and I looked at the issue in close detail, and I have to tell him that the Americans are far more aggressive and effective than we are when it comes to protection of their intellectual property.

The proposals have all sorts of strategic implications. One of the things that we looked at 10 years ago—I am probably not breaking too many secrets—was the advanced medium-range air-to-air missile. We were not even allowed technological knowledge of AMRAAM because of the Americans' defences, and that made it less effective for us. This is quite an area of battle. Indeed, the previous Defence Secretary made quite an issue of this, as my hon. Friend the Member for Bournemouth East (Mr Ellwood) will know, and will understand only too well. We have not fought our corner very well, and I am afraid that BAE Systems is culpable, as part of that. It has been very poor in terms of its strategic decisions on civil and military aviation, and when it comes to protecting our intellectual property.

Mr Greg Knight (East Yorkshire) (Con) *rose—*

Mr Davis: I shall give way for the last time, because many Members want to speak.

Mr Knight: I am most grateful to my right hon. Friend for giving way; he is being very generous. He posed the question of whether what was happening was the result of accident or design. Has he not now answered that question? The answer is design—it is the deliberate decision of the management.

Mr Davis: It is certainly the consequence of deliberate decisions. Whether the management intended this outcome at the beginning, or whether it is sheer crass misjudgment, I will leave the House to judge. What I am trying to do is lay out the facts as starkly as I can, because it was long ago time to open up the process to public scrutiny.

That brings me to the decision today. The company is in the middle of a 90-day consultation period. From the start, the right hon. Member for Kingston upon Hull West and Hessle and I, and a number of colleagues—probably every Member of Parliament involved in the process—told the company that we would hold it to its legal responsibilities on a 90-day process. Those legal responsibilities involve being transparent and open, and looking in good faith at all proposals put to it. I repeat that: looking in good faith at all proposals put to it. Unfortunately I have to tell the House that, based on the company's behaviour to date, it seems to me entirely possible that it has broken its legal responsibilities. It has not looked in good faith at all the options available to it, but I will leave it to my right hon. Friend—I beg his pardon, the right hon. Member for Kingston upon Hull West and Hessle; he is my friend—to say more on that later.

I certainly expect the company to demonstrate why it turned down the options that it was looking at before it made the decision. As far as I can see, it has not even done that. Secondly, I expect it to give proper consideration to the plan drawn up by its management to preserve employment at Brough in my constituency, albeit at lower levels. Again, I think that the right hon. Gentleman will touch on that point.

The work force at Hull are the best, in terms of attitude, productivity and skill, I saw in my 20 years in business before I came to the House, and BAE Systems senior management agree. The work force's attitude is positive, their productivity is high, and the right

[Mr David Davis]

hon. Gentleman and I have always been told that they are competitive on cost and quality. They deserve a proper chance.

If the company does a proper, open-minded review, and the figures do not add up—I accept that is possible—its responsibilities do not end there. We have been fortunate: the Civitas think-tank has invested £50,000 in looking at the Brough site to see what it can be used for, how the skills can be deployed, and what we can do without destroying the skills base. For that, I thank it warmly. The chairman of the Government's skill retention taskforce came to see us yesterday, and it is at work, looking for alternatives. The Government acted within two weeks and put in place two enterprise zones, one on each side of the Pennines, to help us in all this, but if we cannot come up with an alternative, we will again lose a critical mass of skilled workers that will not be replaced once it is dissipated. That is the nub of the matter.

The job losses in Brough and on the other side of the Pennines are, to a large extent, a direct consequence of the company's strategy over the years. The company's profits come, to a very large extent, from taxpayer support.

Andrew Percy (Brigg and Goole) (Con): My right hon. Friend makes a powerful point. On the legacy issue, does he agree that it is not good enough for BAE Systems to say, "We will do everything that we can to find people alternative work"? It has to make sure that that legacy remains in east Yorkshire, and that the site remains a site of employment in manufacturing for our constituents.

Mr Davis: My hon. Friend, who has been very active in this campaign, brings me to the nub of the issue. It is precisely because the company had, until five years ago, experience in civil aviation; precisely because it is the biggest employer of engineers in the country; and because of its knowledge, access, contacts and understanding of the markets, that it is best equipped to find an alternative use for Brough—full stop. That is what I—and others, I am sure—demand. It is not just Brough; I keep saying Brough because it is closest to my heart, but the company must find alternative employment and use for the assets and the work force across the country. That is what it is best equipped to do. Frankly, as far as I can see, so far it has not lifted a finger in that direction.

There has been a lot of criticism in recent weeks of high levels of executive pay. Recently, the statistic came out that, over 30 years, senior executives have had a 4,000% increase in pay. Despite severe criticism of senior management by investors and others over the years, the pay of BAE's chief executive grew by 8,000% over the same period, double the national average. I am not one of those who believe that people should not be paid large sums of money, but I expect them to earn it. They could perhaps justify their salaries—the chief executive's is £2.4 million—by doing a better job not only for shareholders, but for employees and the country.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. I inform the House that the debate will conclude at 2.30 pm.

12.50 pm

Alan Johnson (Kingston upon Hull West and Hessle) (Lab): It is a pleasure to follow the right hon. Member for Haltemprice and Howden (Mr Davis). As he said, for the past 14 years we have worked together to try to protect the interests of BAE workers at Brough. We have been joined in that by other Members who represent constituencies in Hull and the east riding, many of whom are here today, but he and I have been working together on it the longest.

Three consistent themes have run through all our discussions with BAE and its work force. First, there is a superb work force at Brough, as BAE has stated over and over again. Indeed, Allan Cook, who heads the Government's talent retention unit and has a long history in the aerospace industry, having worked for Marconi, Cobham, BAE and Marshalls, told us a few days ago that he had never encountered such a talented group of workers in his entire engineering career. Secondly, there is the success of the Hawk. Since its first flight in 1976, 900 Hawk aircraft have been sold around the world. It is an iconic British product that is still in great demand, as I will show later. Thirdly, the work force have shown remarkable loyalty to, and respect for, the company. On the several occasions when the plant has been downsized, I have found the work force's enormous respect for the company incredible.

Since the announcement on 27 September, only one of those three consistent themes has changed; I am afraid that the company has lost the respect of its work force. One long-serving employee who wrote to me—I am sure that colleagues have received similar letters—said, "Until this week I was proud to wear BAE Systems' name but now find myself appalled by the actions of the senior management." That kind of sentiment has been repeated by people who feel utterly betrayed by the announcement and by the way it was made.

BAE is seeking to end 100 years of aerospace manufacturing on the Humber not because of any problems with the staff or the product they produce, but because in difficult times it would rather impress shareholders with how tough it can be than impress the work force with how honourable it can be. The decision of the four Typhoon countries to slow deliveries of the aircraft was of course a blow, but the European Aeronautic Defence and Space Company and Finmeccanica are slowing production of the Typhoon in Germany, Spain and Italy without losing any highly skilled manufacturing jobs.

James Wharton (Stockton South) (Con): The right hon. Gentleman makes the important point that this might appear to be a short-term decision that benefits shareholders in the immediate future, but does he agree that in the long term shareholders would probably rather see the retention of an important skills base that will allow BAE to compete effectively in future and secure contracts?

Alan Johnson: That is absolutely right. That is why we wanted a debate in the House with a motion setting that out, because that is precisely the message we need to put out. As I will say later, that is precisely what other serious manufacturing companies are doing.

Four countries are affected by the decision to slow delivery of the Typhoon, but only BAE in the UK has reacted by throwing highly skilled engineers out of work and abolishing a manufacturing plant. Although the company says that its announcement was forced by the slow-down in orders for the Typhoon, almost a third of the job losses are for the Hawk, an aircraft that remains popular around the world. Orders are imminent from Saudi Arabia, Oman, Iraq and the United States, and potential orders are imminent from Poland, Kuwait and the RAF in a few years' time. When we and others, including the unions, have asked the company what will happen if they get an order for 10, 50,100 or 150 Hawks next week—this relates closely to the point that the right hon. Member for Haltemprice and Howden made about the 90-day process—its reaction has been that nothing would change. Our suspicion is that is because there is a view that it will not be the other side of the Pennines that benefits from extra Hawk orders, but Texas, India and manufacturing plants abroad.

When the unions have berated BAE on the effects on British manufacturing and pointed out that it is an important British manufacturing company, it has replied that it is not a manufacturing company, but an engineering company that chooses to manufacture, the implication being that that is the choice it has made at the moment but might not make in future. In no other major industrialised country in Europe would a company that has spent much of the past decade moaning about skills shortages be getting rid of some of the most highly skilled people in the country. In no other major industrialised country would a company whose biggest customer is the Government and whose biggest investor historically has been the taxpayer be causing such damage to a precious sector of the economy.

There is an alternative approach. Andrew Witty, the chief executive of GlaxoSmithKline, another British manufacturer that sells its products abroad, lambasts British businesses that turn themselves into "mid-Atlantic floating entities" with no connection to society. He says that his company has given a lot to Britain, but that Britain has given a lot to his company and that it would not exist without the work of British people and the support of the British Government. He is busy returning manufacturing jobs from abroad to this country. He says that his objective is to give more jobs, provide more skills and pay more taxes in Britain. It is a shame that other iconic international British companies do not follow the same philosophy.

Mark Hendrick (Preston) (Lab/Co-op): I am well acquainted with Andrew Witty, having met him at GlaxoSmithKline's research and development centre in China. It is now a global business that employs thousands of Chinese people, and although the company returns a lot to the UK, it also has major investments abroad in the same way as BAE Systems will have when it is employing people in India.

Alan Johnson: My hon. Friend is absolutely right. That is precisely the point. We can compare those two British companies. Around 96% of GlaxoSmithKline's sales are abroad, but it is making a decision as a British company to invest in Britain and open manufacturing plants at a difficult time, and it is of course helped by the patent box that was agreed by the Labour and Conservative parties. It is an example that BAE should follow.

As thousands of highly skilled BAE employees contemplate a miserable Christmas, it is time for the company to engage properly with its work force in order to ensure that their important skills are retained in aerospace manufacturing and that aerospace manufacturing is retained on the Humber. We are 58 days into the statutory 90-day process, but there is no sign whatsoever that BAE is doing anything other than going through the motions. Indeed, the site director at Brough told my hon. Friend the Member for Kingston upon Hull North (Diana Johnson) only last week that nothing would change during this consultation process. He told her that they were going though the motions. When the 90 days end on Boxing day, it will still be 27 September as far as BAE's plans are concerned.

The unions are working hard to hold the company to its statutory obligations. The union representatives involved are very good and need no advice from me, but if I was a union rep involved in the case, I would seriously consider seeking a protective order against BAE for its lack of engagement.

We believe that BAE's three manufacturing sites should be retained. The company should stand by its loyal work force in difficult times, so that when the good times return it has sufficient manufacturing capacity in this country to deal with the extra work.

All the signs are that military aerospace will expand dramatically from about 2016. At the very least, BAE should adopt the intelligent proposals put forward by its own executive group at Brough in order to mitigate the significant risk inherent in the company's plans by retaining crucial assembly and sub-assembly at Brough for the duration of the next Hawk acquisition contract, thereby saving about one third of the jobs until 2016.

Mr Ellwood: The right hon. Gentleman is making a powerful speech, but will he elaborate on his statement that the defence industry expects to expand with orders in 2016? From the angle that I see the issue, the United States, NATO countries and so forth are doing exactly the opposite: this is the area in which budgets are being cut; defence is being affected.

Alan Johnson: That is true, and I will turn to civil aerospace in a moment, but all the experts in the area, including the unions handling the situation, expect that from 2016 there will be an increase, particularly in Hawk orders. We are looking at the home of Hawk in Brough, and it is going through a difficult time, but most expect that, if we can get to 2016 and through the next difficult period in this country and throughout the world, there will be significant opportunities in military engineering.

The executive group at Brough has put forward a proposal to safeguard what is probably the Saudi Arabia contract, to ensure that there are no dangers to it and, therefore, to save about one third of the work force until 2016. There is a desperate shortage of necessary skills to meet booming demand in the commercial aerospace sector by companies such as Rolls-Royce and EADS, so the retention of some Hawk work should be combined with facilitating and incentivising the transfer of packages of commercial aerospace work to Brough. It is an attractive site, with exceptional access by air, sea and land. It has the machinery, the layout and the work force that commercial aerospace companies need, and it can be utilised without causing job cuts elsewhere.

[Alan Johnson]

It is time for fresh thinking. As the right hon. Member for Haltemprice and Howden has pointed out, we are in the crazy position of using taxpayers' money to destroy skilled jobs in an economy that is desperate for high-value manufacturing to expand. It is time for an ethical and, even, patriotic approach by big profitable international companies, such as BAE, to the problems that this country faces. The Government have an important role to play in such a strategy, but the prime responsibility rests with the company.

I have a final quotation from Andrew Witty. He says:

"I...believe one of the reasons we have seen an erosion of trust...in big companies is they've allowed themselves to be seen as detached from society...They've allowed it to be perceived that it's all about money."

BAE needs to avoid being a "mid-Atlantic floating entity" and to demonstrate that it is a British company that cares about British society and British jobs. The work force at Brough have been loyal to BAE in difficult times. BAE needs to reciprocate that loyalty now.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. I am going to call the Front Benchers next, but I ask them to be mindful that a number of MPs who wish to contribute to this debate have constituency interests in the matter.

1.3 pm

The Parliamentary Under-Secretary of State for Defence (Peter Luff): It is good to see a constituency Member in the Chair for this important debate, Mr Deputy Speaker, and I will do my best to be as brief as the complex issues raised allow.

May I say how much I enjoyed both speeches that we have heard? My right hon. Friend the Member for Haltemprice and Howden (Mr Davis) seized the opportunity for this Back-Bench debate with his usual skill and aplomb, and he spoke with passion and conviction; and the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) spoke movingly and thoughtfully. The company would do very well to listen to the concerns that they both expressed.

I must emphasise, however, the deep regret that the Government and I, personally, feel at the job losses that BAE Systems announced on 27 September. Such decisions, I hope, are never taken lightly by companies, and we fully recognise the very real impact that they will have on local industry and individual livelihoods. I emphasise also—it is clear from the debate so far—that the decision was a commercial one, made by the company, which explained that it was necessary to maintain competitiveness both in the UK and internationally. This debate is testing that rationale.

Mr Stephen Hepburn (Jarrow) (Lab): I share the concerns about BAE that the mover and seconder of this excellent motion have expressed, because we are experiencing similar problems on the Tyne. The shock decision to switch work from A & P Tyne will have a disastrous effect not only on our region through the loss of hundreds of highly skilled jobs, but on the economy. Will the Minister urge BAE to rethink?

Peter Luff: I know the decision to which the hon. Gentleman refers, and it will of course please other parts of the country, because BAE Systems will do the work elsewhere in the UK, but I shall happily talk to him about it privately afterwards if he would find that helpful.

I do not want to labour the point, but we all know how important defence is as an integral part of advanced manufacturing in this country. It sustains about 300,000 jobs, many of which are highly skilled, in thousands of companies of all sizes. Those employed are at the pinnacle of manufacturing and engineering ability, and they do a significant job in helping to keep our country secure. The industry is a key sponsor of manufacturing apprenticeships and training, the quality of which is acknowledged by employers across a range of industries, and intensive research and development programmes also mark out the defence sector as a source of innovation and intellectual property.

The House will also be aware—this was at the heart of the two speeches that we have heard—that defence is a major contributor to export revenues. UK industry has an outstanding record of export success, second only to the US as an exporter of defence equipment and services. Despite the challenging market conditions experienced by many sectors of the wider manufacturing base, the UK has in the last year won almost £6 billion in new defence exports business. That represents an increase in our share of the global defence market from 18% to 22%, and we are committed to continuing that trend with strong support for future defence export campaigns, including the products mentioned by the Members who have spoken.

Within that vital and dynamic sector of the UK economy, BAE Systems has a significant role. It has been the MOD's largest defence supplier for some time; it is the fourth largest supplier to the US Department of Defence, which accounts for 50% of its revenue; and it is, indeed, the world's second largest defence company. I should like to pay a tribute to BAE Systems: its speed and adaptability in updating software for the Typhoon aircraft's radar and defensive aids systems was one of the keys to the success of the recent action in Libya, and we owe all its staff a great debt of gratitude for that.

BAE Systems' wider involvement, beyond Typhoon, extends to many of the MOD's largest programmes, including the Astute submarine, the Type 45 destroyer, the Queen Elizabeth class aircraft carrier, the joint combat aircraft, general munitions and support for the armoured fighting vehicle fleet. Overall in 2010, BAE Systems' revenue from the UK amounted to just over £4 billion, representing 20% of the company's total revenue. So hon. Members should be in no doubt about the importance that the Government attach to the contribution of the UK defence industry in general and BAE Systems specifically to a rebalanced economy and export-led growth.

Let me turn to the specific programmes that are relevant to today's debate. In the air, Typhoon, a triumph of European engineering, has really come of age. It is a first-class aircraft and the envy of discerning nations throughout the world. Already in service with six air forces—in the UK, Germany, Italy, Spain, Austria and Saudi Arabia—and at the forefront of the world's media coverage following its recent exemplary operational deployment in the skies above Libya, the prospects for

expanding Typhoon's user community have never been better, and Ministers are working hard to ensure that we crystallise those opportunities.

Those export prospects meant that some changes were needed to the Typhoon programme. In May 2010, a request was made by the Eurofighter GmbH industrial consortium—I emphasise industry, not Government—to slow down the rate of Typhoon aircraft production in order to free up and sustain sufficient industrial capacity in the Eurofighter partner companies, comprising Alenia, BAE Systems and Cassidian, and to service export orders.

The UK, along with the other partner nation Governments, agreed to the industry's proposal in July 2011—on the basis that it would not adversely affect the build-up of our own Typhoon fleet. As a result, there is now the prospect of Typhoons being made over a longer time frame, with the production lines open to 2018 rather than closing in 2015 as previously planned.

Mr David Davis: Will my hon. Friend give way?

Peter Luff: In just a second.

The letter that BAE Systems sent to Members ahead of this debate does not accurately explain the reasons for the slow-down, which in turn is responsible for many of the redundancies in Warton and Samlesbury.

Mr Davis: The Minister has answered my question.

Peter Luff: I will return on several occasions to that letter, which was disingenuous in several respects, and am grateful to my right hon. Friend.

The MOD has also invested £190 million in shaping a potential future unmanned combat air vehicle programme. BAE Systems has been our partner in that, and it led an industry team formed of Rolls-Royce, QinetiQ and GE Aviation. An unmanned combat air system programme could form part of a cost-effective solution in air-to-air and ground-to-air combat roles. That work includes the Taranis technology demonstrator, which is a world-class project and a testament to the UK's advanced design, engineering and technology talents. It exhibits UK manufacturing capability at its very best.

We recognise and welcome the investment that the industry is making in technologies for unmanned air systems and encourage it to continue, so that it will have products that meet our needs and those of export customers. I have to say once again that the letter sent by BAE Systems to hon. Members does not appear to do justice to the partnership nature of the programme, because BAE Systems seems to take all the credit for it. The letter refers to the significant funding BAE Systems put in, but it does not emphasise the Government's funding or the other three partner companies involved in the project. BAE Systems should be a little more modest from time to time in the claims it makes on behalf of the company.

Graham Jones (Hyndburn) (Lab): Will the Minister explain the situation regarding UK air flights of Taranis and unmanned aerial vehicles, because there seems to be a problem with the Government not supporting test flights and not helping BAE Systems?

Peter Luff: The whole future of the unmanned combat sector is important for the Government and lies at the heart of the strategic future of aerospace and defence aerospace. We will be considering the matter extremely carefully later in close dialogue with the companies involved. The hon. Gentleman makes an important point. It is vital that the programme succeeds. The matter is complex as it plays into the UK-French bilateral relationship, but we are determined to take it forward in the best interests of UK industry and, crucially, the defence industry.

Diana Johnson (Kingston upon Hull North) (Lab): I listened with interest to that last point about how important the sector could be to the future of the defence industry. As an MP representing a constituency in Hull, may I ask the Minister whether he has had any direct conversations with BAE Systems about how that type of work could help to deal with the issues identified at Brough regarding future work?

Peter Luff: The short answer to that question is yes. I have obviously discussed the future of the sector with the company, but I have not done so in specific detail about Brough—in general terms, yes, but not specifically about Brough. If the hon. Lady wishes to make a suggestion to me, I will happily take it forward.

The Government need an efficient defence industry, and I make no apology for saying that. Another line in the letter to hon. Members seems to suggest that we are in some sense to blame for wanting BAE Systems to be more efficient. We want it to be more efficient for the sake of taxpayers and also for the sake of export opportunities. I make no apology for demanding that efficiency of our suppliers.

Although using open competition on the global market is the MOD's preferred option and its default position for purchasing defence capabilities—I listened carefully to what my right hon. Friend the Member for Haltemprice and Howden said in that respect—in certain situations, the MOD has had to enter into single-source procurement for some of the capabilities we must have in the UK. In these situations, we use the yellow book—it is called that because it is yellow—or "Government Profit Formula and Associated Arrangements" to give its full title. The yellow book covers the pricing arrangements to be used in single-source, non-competitive procurement. That can include reasonable rationalisation and redundancy costs, provided they are associated with a reduction in work related to single-source procurement.

The yellow book arrangements have remained largely unchanged for more than 40 years, which is why in January this year I commissioned Lord Currie of Marylebone to undertake a root-and-branch independent review of it. The MOD is currently undertaking a consultation, which runs until the new year, on Lord Currie's proposals. No decisions will be made on his proposals until the consultation has been completed.

Mr David Davis: The Minister is making a very courteous and informative speech that is very helpful to us. Will he ensure that the response of the Public Accounts Committee and the National Audit Office to my request that they investigate some of the yellow book operations is taken on board in that consultation?

Peter Luff: Yes. In fact, there has already been discussion with the National Audit Office about aspects of the single-source regulations. My right hon. Friend makes a

[Peter Luff]

very important point and I welcome what he said about that in his speech. It is very helpful indeed to have those remarks on the record.

The scope of Lord Currie's review covers not just rationalisation and redundancy costs but a whole range of other issues associated with the process. He made his views clear on that in the document he produced, which states:

> "We do not recommend moving away from the requirement that the MOD should bear the redundancy and restructuring costs associated with programme curtailment or cancellation. The alternative, whereby the contract bears such costs, would be appreciably more expensive. Faced with the possibility of bearing such costs, the contractor would necessarily need to price in a significant, possibly prohibitive, risk premium into contracts against that eventuality, over which it has little or no influence."

Let us put those observations on liabilities in a BAE Systems context. The Brough site has historically been used for a variety of purposes, including the manufacture of the Hawk advanced jet trainers. It also has a structural testing facility used for a number of different airframes, and has been involved in the manufacture of some Nimrod MRA4 and Typhoon parts.

Some of those projects were procured on a single-source basis, but many of them were not. In the course of normal business, BAE Systems has approached us to begin discussions on payment for a share of its rationalisation and redundancy costs at Brough. We will ascertain what proportion, if any, of those costs we should be liable for under the yellow book framework. I can assure the right hon. Member for Kingston upon Hull West and Hessle and my right hon. Friend the Member for Haltemprice and Howden that our negotiations will be robust in defence of taxpayers' interests. I am very grateful for their support in that process.

We also recognise that the Government's procurement decisions directly impact inward investment and exportability. Our involvement as the only level 1 partner in the joint strike fighter programme has brought significant high-end work into BAE System's Samlesbury facility and, indeed, to UK industry more widely. That site manufactures the joint strike fighter rear fuselage for Lockheed Martin, in respect not only of the UK order but of orders from the US and other international clients. That production run should continue until at least 2035 and, on current plans, supply 3,000 aircraft. Following that, the UK should be very well placed to win additional competitively placed work within the JSF production support programme, potentially valued at £30 billion. Similarly, Government investment in the assessment phase of the electronically scanned radar for Typhoon will enable a capability leap for the Typhoon fleet. That not only benefits UK armed forces well into the 21st century, but improves Typhoon's chances of success in the highly competitive, fast-jet market.

One issue that has not been raised is the fact that the letter from BAE Systems to hon. Members alludes to the withdrawal of the Harrier aircraft, but it does not provide the context and detail for that decision. In the bipartisan spirit of today, I shall simply say that we had a very challenging financial situation at the MOD and leave it at that. It is also true that the previous Government took the decision to delete the Sea Harrier in 2006, which is the air defence aircraft. In 2009, they took a subsequent decision to reduce the size of the remaining Harrier fleet, which meant it was not large enough to achieve sustained operations in Afghanistan and maintain an adequate contingent capability for the unexpected on its own. A combined fleet of Tornado and Harrier would not be cost-effective, because retiring an aircraft type delivers significantly greater savings than running two smaller fleets.

Although the withdrawal of the Harrier was a decision we took with regret, it was effectively forced upon us. Despite that sorry affair, we have worked hard to make the most of the situation. I can tell the House today that we have agreed the sale of the final 72 Harrier aircraft frames and associated parts, which will be used as a major source of spares to support the US Marine Corps Harrier AV-8B fleet of aircraft. The value of the sale is $180 million—some £110 million—and represents a good deal for UK taxpayers and the US Government. Added to the savings made from retiring the Harrier fleet from service, that sale takes the total estimated receipts and savings to the Ministry of Defence to around £1 billion. That will enable investment in a more modern and capable mixed fast jet fleet, including the state-of-the-art joint strike fighter, and therefore be good for British jobs.

The Harrier was a marvellous piece of technology and demonstrates the UK's significant contribution to the development of fixed-wing aviation. I pay tribute to all those who contributed to its design and manufacture, as well as to our service personnel who flew and supported them. Accordingly, I am pleased to announce that we plan to offer two Harrier aircraft to museums in order to preserve the UK's aviation heritage.

On the points made by my right hon. Friend the Member for Haltemprice and Howden about the overseas production of British aircraft, conditions in the international marketplace do influence commercial choices and outcomes —it is not just a matter of what the Government say. It is increasingly unavoidably the case that export customers are demanding that their orders be satisfied mostly or wholly by means of local production and technology transfer. There is often a need to satisfy that critical condition in order to secure an order. That is certainly a feature of many of the potential Typhoon and Hawk export orders. My right hon. Friend regrets it—I may regret it, too—but it is a fact of life. If we want to win business, this is the way we have to do business.

The insistence on local involvement by the customer becomes even more likely and significant with larger export orders. The choice is to offer that condition or not to compete for the contract at all. That would reduce the viability of the businesses themselves and would be bad for UK employment. Last year's deal to sell 57 Hawk to India was worth several hundred millions of pounds for UK companies, even though the final assembly was in India itself, so it is good for both sides of a vital strategic partnership for this country.

However, we also fully recognise our responsibility to those whose livelihoods are threatened by changes in the market. Work will continue for some time at Brough and the Skills and Jobs Retention Group and the Jobcentre Plus rapid response service will assist skilled workers there and at the other sites in finding new roles.

Mr David Davis: I think everybody takes the point that, in the modern defence market, there will be offset. Everybody has offset; we have offset. As has been made clear, offset arrangements do occur. It is problem when those offset arrangements become the permanent new manufacturing base for the aircraft, which is effectively what has happened with Harrier and seems at least to have been discussed with the head of Hindustan Aviation with BAE.

Peter Luff: I agree that when overseas production becomes a source of rival manufacture for export purposes, there is an issue for us. We have to accept, however, that the success of the Typhoon contract in India will depend on significant participation by Indian aerospace industries in the manufacture and upgrading of the aircraft. That is the price for winning the contract, and it is a price that we have to be prepared to pay.

Additionally on the subject of support for those who are sadly affected by these decisions, last month the Chancellor invited strong and viable proposals for enterprise zones in the areas surrounding the sites, with a view to enabling those zones to be up and running by April next year. As the right hon. Member for Kingston upon Hull West and Hessle said, attracting new industry to these existing manufacturing hubs could soften the impact of BAE's change in structure without undermining the lives of these highly skilled workers.

Alan Johnson: We are pleased to get an enterprise zone, but we need to look at other work that these skilled workers can do; many companies would be pleased to get them. Our point is that this requires a new way of thinking. There is no reason why we cannot bring packages of civil aviation work to Brough, where there is a fabulous site and a really good work force. The alternative is that these workers have to move, which is very difficult given the housing market and all the other problems that they face with schools, families and so on. We then find very highly skilled workers ending up as taxi drivers or dropping out because they have to stay in their local area. Will the Minister consider, with Allan Cook, attracting these packages, given that there is such a skills shortage in commercial aviation?

Peter Luff: I will do precisely that with the Under-Secretary of State for Business, Innovation and Skills, my hon. Friend the Member for Kingston and Surbiton (Mr Davey); it is very good to see him in his place today supporting this debate and showing the concern for the issues raised that is felt across Government more widely. Of course, I do not have responsibility for civil aerospace. Although I happen to agree with my right hon. Friend the Member for Haltemprice and Howden about the wisdom of selling the share in Airbus, that is a personal, not a ministerial, view. I believe that there are significant opportunities for the wider civil aerospace sector resulting particularly from what has happened at Brough, and I entirely agree that BAE Systems should be creative, thoughtful and active in making those opportunities come to fruition exactly as suggested by my right hon. Friend the Member for Haltemprice and Howden and the right hon. Member for Kingston upon Hull West and Hessle.

Kerry McCarthy (Bristol East) (Lab) *rose—*

Peter Luff: I will give way for the last time, because I am anxious to conclude and let other Members speak.

Kerry McCarthy: Filton airfield is one of the enterprise areas linked to the local enterprise zone in Bristol. Is the Minister aware of concern about the closure of the airfield, which many people think will pose a real risk to aerospace jobs in the area? Does the Department have a view on that?

Peter Luff: I am aware of the issue, but the evidence suggests that that concern, although I understand it, is probably not well founded. I believe I am right in saying that today—

Jack Lopresti (Filton and Bradley Stoke) (Con) *rose—*

Peter Luff: I give way to my hon. Friend, who might have more details than I do.

Jack Lopresti: I was concerned about the potential impact of the closure of Filton airfield on local jobs and industry, so the first thing I did was speak to local companies such as Airbus, Rolls-Royce and GKN, which all assured me that the existence of the airfield was not in any way consistent with their increased orders or viability in the long term—on the contrary.

Peter Luff: I am grateful to my hon. Friend. My understanding is that the Secretary of State for Business, Innovation and Skills is in the Bristol area today announcing additional jobs for Airbus. Although I genuinely respect the concern expressed by the hon. Member for Bristol East (Kerry McCarthy), I have heard other assurances similar to those given to my hon. Friend. However, I promise that I will keep my eye on the situation as best I can, as a Defence Minister, and I am sure that the Department for Business, Innovation and Skills will do exactly the same thing.

The defence sector and, in particular, BAE Systems have a significant role in rebalancing the economy by offering the taxpayer better value for money; and by offering the world the products, innovation and services required to compete on the global stage. However, BAE Systems must also be prepared to take responsibility for its decisions and to understand the debt that it owes to the country and the taxpayer.

1.23 pm

Alison Seabeck (Plymouth, Moor View) (Lab): This is an important debate, not only for the workers affected in Brough, Warton and Samlesbury, and for their families and their wider community, but for the wider UK defence industry, UK manufacturing, and all the businesses and their employees in the supply chain.

The case for this debate has been set out in stark terms by the right hon. Member for Haltemprice and Howden (Mr Davis) and my right hon. Friend the Member for Kingston upon Hull West and Hessle (Alan Johnson). Their comments, though, have to be set against the bigger picture. We have an economy that is flatlining, with the lowest growth of any country in the G7 bar Japan—which, of course, suffered an earthquake and a nuclear disaster—and the lowest growth of any EU country bar Greece, Portugal and Cyprus, yet we have a Government Department that repeatedly states that the

[Alison Seabeck]

decisions on where redundancies fall are nothing to do with it. I have to ask the Minister whether that is also the view of his colleagues in the Department for Business, Innovation and Skills, the Department for Communities and Local Government, and the Department for Work and Pensions, who have to pick up the pieces and the costs of these significant job losses.

We are talking about very skilled workers, whether in the north-west or Humberside, who have so much to offer to the company and to UK plc, and yet face a hugely uncertain future. It is far from clear whether the processes have been properly managed. It is also unclear whether the 90-day consultation process has been genuine or whether the company has been paying lip service to this requirement. I can well understand why right hon. and hon. Members and the trade unions that represent those affected speak inside and outside this place with such frustration and anger at how this is being handled by BAE as it downsizes and rationalises its footprint in the light of changing global demands. The leak in advance of its announcement is clearly unacceptable. We must understand just how much that affects the work force's perception of the management and what had until now, as my right hon. Friend the Member for Kingston upon Hull West and Hessle said, been a very good working relationship. It is unclear what efforts have been made to relocate any of the work force and to consider alternative proposals from inside the company. My right hon. Friend, who has vast experience in these matters, posed a whole series of questions that the company needs to answer and in which the Government should take a close interest.

I know that the Minister cannot answer questions today, but I hope he will none the less give serious thought to this. I was reassured to hear him say on several occasions that he would take away issues that were raised across the Chamber. That is not least because we saw in the 1980s the loss of large defence and industrial employers and the devastating effects that that had on communities. Those effects outlast generations, as we saw in my own constituency of Plymouth—and, indeed, in Barrow, in Woolwich, and in other places.

This is a test of the Government's willingness and ability to support British manufacturing, British defence industries and skilled British jobs, and not merely to talk of an export-led recovery. I do not mean to stray into territory that I am sure will be covered at length in the following debate, but the issues raised at Brough speak to the wider question of how the Government are failing to support British business and get the economy growing again.

Jack Lopresti: Will the hon. Lady give way?

Alison Seabeck: Forgive me, but I will not, because a lot of Back-Bench Members want to speak. The Minister gave way a lot, and we need to move on.

A key part of the very significant contribution that the defence industries, and indeed BAE, make to our economy is the need for a strong defence industrial strategy —one that meets our overall defence needs and protects our sovereign capability. We need a coherent plan of investment—for example, in unmanned aerial vehicle technologies—that will help to sustain the whole-aircraft skills on which this industry has traditionally been based. Labour Members have already commissioned our own review of defence procurement, and it will be interesting to see whether, in the long promised White Paper, the Government pick up on any of the themes we have suggested, which deserve further consideration. Crucial too, and touched on in our document, is the economic case for a strong defence sector able to export goods and grow its markets rather than, as we are seeing now, having to scale back its work, shrink its work force and leave the taxpayer covering the cost of unemployment.

The relationship that BAE Systems has with the UK Government, and therefore within the defence industrial base, is significant because of its substantial reach. It is a company of global significance with some 38,000 employees in the UK, one of the largest cohorts of apprentices, 10%-plus of all defence industrial jobs, and over a third of its sales market in this country. In fairness to the company, it does understand the need to protect the skills base. BAE also has some 9,000 UK suppliers, with tens of thousands, if not hundreds of thousands, of supply chain jobs therefore partly dependent on it.

We are working in a market environment in difficult financial times, and it is therefore important to understand from the Government what discussions they had with BAE prior to this announcement. The Minister touched on that. Was the prospect of offsetting potential job losses from the slowing of programmes at BAE against the mooted development by Siemens in Hull ever discussed? Siemens, of course, was in line to pick up the work that Bombardier failed to get. There is some uncertainty all around this. We should be a little clearer about which branches of Government are looking to ensure that there is sustained, ongoing skilled employment in the Humber area.

We have to have concerns when organisations such as ADS, the trade organisation advancing the UK aerospace, defence, security and space sectors, express the view that the current cuts to BAE are the tip of the iceberg. We need to be convinced that the Government are using all their tools—I realise that that is not solely the responsibility of the Minister who is present—to help those successful industries to be more productive. When the Government are the client, they must still ensure that the taxpayer gets value for money. The Government must decide whether they want to act to support sovereign capability with skilled jobs based in this country. If they do, they need to act now.

We have to look at the potential problems facing the Typhoon programme. Italy and Spain are having difficulty paying their way. I heard the Minister's positive comments about the Typhoon programme, but we need reassurance that the Government are doing everything they can to keep it on track. We need to be sure that, along with the Department for Business, Innovation and Skills, the Department is looking at the impact of the loss of intellectual property rights, such as those associated with the Harrier and the Hawk, which were mentioned by the right hon. Member for Haltemprice and Howden. Those are transferable, and in theory that allows build programmes to happen outside the UK. Will Hawk production be shifted entirely to India? Is that an entirely desirable endgame for the British Government? I suggest that it is not.

I hope that the Minister will listen, as I shall, to right hon. and hon. Members in this important Back-Bench debate as they flag up what is wrong with the way BAE is responding to the current downturn, and highlight the ways in which the Government are not supporting British industry in this sector as Members feel they should. The Minister should not only take a direct interest in the current situation, as he has made clear that he does, but pay heed to the critical reports of the Public Accounts Committee and the National Audit Office, including any future investigations that they might undertake as a direct result of today's debate, particularly into the yellow book. In the forthcoming White Paper, the Government should indicate clearly a positive way forward, because BAE, irrespective of the issues raised in the House today, is a significant player in the Government's defence strategy and wider industrial strategy, particularly for fixed-wing aircraft and unmanned aerial vehicles, so it needs to be able to plan with some certainty within its own domestic market, as do all its competitors. In turn, it will be able to secure high-skilled jobs such as those at Brough into the future. We must avoid further job losses, any further loss of expertise and, of course, the poor use of taxpayers' money.

Mr Deputy Speaker (Mr Nigel Evans): The time limit has been reduced to five minutes in order to get everybody in.

1.32 pm

Lorraine Fullbrook (South Ribble) (Con): I congratulate my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) and the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) on securing this debate.

In the South Ribble area, 15% of the residents who work in manufacturing work for BAE. BAE's presence in Lancashire is vital to the local and regional economy. The motion is about preserving the UK's production and skills base, and there is no larger manufacturing employer in the UK than BAE Systems. BAE is important to Lancashire not only because of its size as an employer, but because of the nature of the work force, who are predominantly highly skilled workers. Some 45% of BAE's UK work force are based in the north-west, making it by far the most important region to the company. In turn, the company is the most important manufacturing base in the region. BAE provides one in eight of the knowledge-intensive jobs in the north-west. The Warton site alone added £300 million to the regional economy in 2009.

Sadly, jobs are at risk as BAE Systems responds to changes in key programmes, most notably the slow-down of the production of the Typhoon and slower than anticipated rates of production of the F-35 joint strike fighter, and to pressures on defence budgets globally. It is essential that we all take every step necessary to support employees whose jobs are at risk, UK aero-defence manufacturing, and BAE in Lancashire.

I want to reassure my constituents that I will back them, BAE, the supply chain and subcontractors to grow the manufacturing base in Lancashire. I am proud that my constituency and the north-west have some of the most highly skilled workers in the country. We must do everything that we can to ensure that, where possible, workers who do not retain their jobs at BAE as a result of this consultation remain employed in the defence manufacturing sector, for example at Rolls-Royce or Airbus.

South Ribble needs BAE to remain competitive. I urge the Government to continue to do all that they can to support it and to ensure that it wins future business. I want to see that business carried out in Lancashire. Exports are essential. In 2009, the defence sector delivered more than £7 billion in UK exports, with £4.9 billion of that attributed to BAE alone. The Government are backing BAE and Lancashire in promoting the Warton-built Typhoon in foreign markets to help the region retain its defence industrial skills base.

Typhoon has had the opportunity to increase its worldwide demand with its prominent role in Libya, when it was said that

"Typhoon has truly come of age."

After its performance in conflicts in Libya, where it flew about 3,000 operational hours and reported a 99% success rate against fixed targets and a 98% success rate against mobile targets, the Typhoon is now the leading contender in the two-horse race to win a deal to supply the Indian air force—a deal worth $20 billion. Securing that deal and other export possibilities, such as to Japan, Malaysia and Qatar, would secure BAE's position as the UK's premier defence and security company and its largest manufacturing employer for many years to come. To ensure that the Typhoon continues to be competitive in the export market in the long term, I would like to see continued Typhoon development, including into e-scan radar capability.

BAE has made a strategic decision to base its centre of excellence in Lancashire. Should BAE be successful in winning those contracts, the Typhoons will be built in Lancashire. On behalf of my constituents who work at BAE, I encourage the Minister to continue rigorously to promote the case for Typhoon overseas in any way possible.

BAE Systems has invested considerable resources in an unmanned combat air system development programme. I was fortunate to be invited to the first viewing in July last year of the UCAS demonstrator, Taranis, which receives joint investment from the Ministry of Defence and the industry. Unmanned air systems are vital to maintaining a comprehensive military aerospace design and build capability in the UK. It is necessary to sustain these industrial skills in Lancashire for the continued safe operation of the Tornado and Typhoon fleets that are in service. I would like to see another UCAS demonstrator programme, following on from Taranis.

I want to see the highly skilled pupils in Lancashire's schools today become the highly skilled workers in the Lancashire of tomorrow.

1.37 pm

Mark Hendrick (Preston) (Lab/Co-op): BAE Systems is a world-leading manufacturer of defence and security products. It has bases scattered across the globe in places as distant as the United States, Australia and India. However, it is important that the UK remains at the core of its business and its base.

Before the recent announcements, BAE Systems employed 40,000 people directly. When the indirect employment throughout the company's supply chain is factored in, about 120,000 British jobs are dependent

[Mark Hendrick]

on BAE Systems. To further demonstrate the company's standing, it generated £9.2 billion in revenues in 2009. It made a direct value-added contribution to UK GDP of £3.3 billion and contributed more than £650 million to the Treasury's coffers. The Prime Minister has spoken at length about wanting to support British manufacturers. No company has done more than BAE Systems.

BAE has a centre of excellence in the north-west. In 2009, a comprehensive report into the company by Oxford Economics stated:

"The North West is by far the most important region within BAE Systems UK, accounting for about half of all its UK employment."

That is about 20,000 jobs. The report went on to make a point that has just been made by the hon. Member for South Ribble (Lorraine Fullbrook):

"BAE Systems now accounts for exactly one in eight jobs in knowledge-intensive production within the North West."

BAE's concentration in the north-west means that the recent announcement that the company will axe 3,000 highly skilled workers, half of them in Lancashire, is a body blow to the region, as I am sure it is in Yorkshire as well.

The Warton site, which employs more than 8,000 people and contributes more than £300 million to the local economy, will see 822 redundancies. A further 565 jobs will go in Samlesbury, and more than 100 elsewhere in the region. Many of them are in my constituency and the surrounding constituencies in central Lancashire. That is a tragedy for those employees, their families and the region. We have heard a great deal about Brough today, but to put the matter in context, more jobs are being lost in Lancashire than exist at Brough as a whole.

Contrary to some fairly derogatory remarks about the standard of the work force in Lancashire, Warton and Samlesbury are highly confident that they are capable of doing whatever work is required on any aircraft if the company asks them to undertake it. The north-west is where BAE Systems has placed the bulk of its operations, and it is where the company's future lies. The north-west centre of excellence exists at Warton and Samlesbury, and it will be a major contributor to this country's gross domestic product. Coming when they do, however, the changes are a particular problem for families on either side of the Pennines.

The Typhoon jet is a huge success story, which we want to be continued. As the hon. Member for South Ribble mentioned, the jet undertook its first major combat missions earlier this year, providing an invaluable service in the skies of Libya. Production of the Typhoon has taken place in three tranches, and although the previous Government signed up to tranche 3A, it has sadly been subjected to the coalition's ill-thought-through and rushed strategic defence and security review. Rather than producing a carefully constructed industrial strategy, the Ministry of Defence is now planning to halve the UK's tranche 3 order, and BAE will cut its annual production from 61 to 36 jets.

Last week, the Minister made the point that much of what was happening was due to the slowness of ramping up work on the F-35. Nigel Whitehead, the group managing director, has made it plain in a letter to me and other hon. Members that the main reasons for the decision were the cut in the Typhoon, not the F-35, along with the withdrawal from service of the Harrier and the decision to scrap the Nimrod. That is what the company is saying about the facts.

Peter Luff *rose—*

Mark Hendrick: I am happy to take the Minister's intervention, because I have only 16 seconds left and I shall get some extra time.

Peter Luff: I am very grateful to the hon. Gentleman. Whatever the rights and wrongs of his argument, the letter makes it clear that that decision was taken in 2008.

Mark Hendrick: Which decision?

Peter Luff: The decision by the four core Typhoon nations not to acquire the full quantity of Typhoon tranche 3 aircraft was taken in 2008. I do not think I can take responsibility for the last Government's decisions.

Mark Hendrick: I think the Minister is talking about tranche 3, not tranche 3A.

It is important that people get the matter into perspective. For each of the 1,500 BAE Systems jobs lost in Lancashire, four other jobs will be lost in Lancashire as a result. It is a huge blow to the region, to Lancashire and to many hard-working families from Preston.

1.43 pm

Mark Menzies (Fylde) (Con): It is a great honour to follow the hon. Member for Preston (Mark Hendrick), who I know cares passionately about the jobs of the work force at Warton and Samlesbury, as I do. I thank the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) and my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) for securing this afternoon's very important debate. We all wish that we did not need to have it, because we know only too well the impact that the job losses have had on our constituencies—not just the loss of skills, but the impact on communities and their economies.

I am very proud to be the Member of Parliament for Fylde, and for the headquarters of BAE Systems manufacturing at Warton. Warton has a proud record not just of building the Typhoon but of developing the unmanned aerial combat vehicle programme and of building the Tornado, so I wish to focus many of my comments on it.

Warton and Samlesbury truly have one of the most highly skilled work forces that I have ever had the privilege to meet. They are truly world class, and for generations they have designed and built some of the world's finest military aircraft. One needs look no further than Operation Ellamy in Libya to see their quality. It is no surprise that many of the world's air forces are now looking to BAE's aircraft to form the backbone of their capability.

When I visited the Warton site last Wednesday, I was reminded that the people there are more than capable of taking on any challenge that is thrown at them. I take this opportunity to invite right hon. and hon. Members to come with me to the site to meet the unions, speak with the management and see the quality of what takes

place there. I have the utmost confidence that whereas the reorganisation that is taking place at Brough means huge devastation and disruption to people there, the transfer of work from Brough to Warton and Samlesbury will be done with the utmost excellence. I know that the work force at Warton and Samlesbury would do no less.

Warton and Samlesbury is the centre of excellence not for one area but for nine, which is reflected in the training and innovation that the work force there have built up there over the years. I take the opportunity to pay tribute to the unions for the constructive way in which they have engaged in a dialogue with me and other local Members over a long period. They are practical, pragmatic and an excellent example of a group of people who do everything with their members' best interests truly at heart.

It was my privilege to meet some BAE Systems apprentices two weeks ago at the Imperial War museum, and I am pleased that it is doing everything it can to support those young workers in their bright futures. On several occasions in the past year, I have also had the privilege to meet trade unions from Brough, and I know that the loss of the Hawk work will have come as a bitter blow to them. It is important that all Members do everything they can to ensure that the work force there are given every assistance to find alternative employment that reflects their skills. I take on board some of the comments that Opposition Members have made about how we can use those skills in the civil aviation industry, and no stone should be left unturned in that field.

From a Government perspective, it is very important that we work tirelessly to ensure that we secure exports for the Typhoon and the Hawk. Nothing is won until it is won, and we should be careful about pouring cold water on some aspects of the work share agreement, because we have not won any of the contracts yet. I ask the Minister to consider options for bringing some of the deep maintenance work that is currently done on RAF bases to Warton, and whether that would provide potential stop-gap employment. I also ask him to get some of the multinational agreements on the unmanned aerial combat vehicle that are currently being discussed buttoned down, with finance arrangements in place. It is important that the work force and BAE systems can plan strategically for the future.

Time is against me, but I wish to say that the right hon. Member for Kingston upon Hull West and Hessle is absolutely right in identifying the considerable support that successive UK Governments have provided to BAE Systems over the years. Now, BAE Systems has an opportunity to demonstrate its commitment to UK manufacturing by attracting some of the key component manufacturers to the new enterprise zones that have been set up on both sides of the Pennines. The work force at BAE Systems are truly the best of British, and it is important that both the company and the Government leave no stone unturned in putting their skills to future use.

1.48 pm

Diana Johnson (Kingston upon Hull North) (Lab): I, too, pay tribute to the work of the right hon. Member for Haltemprice and Howden (Mr Davis) and my right hon. Friend the Member for Kingston upon Hull West and Hessle (Alan Johnson), who have championed the issue of BAE Systems for a very long time in the Humber area. I pay tribute also to all the Humber MPs who have been involved since the announcement in September about what will happen in Brough, and who have been fighting quite an effective campaign. I pay tribute to the trade unions at Brough, which provide an excellent example of a modern trade union movement that is fighting its corner very hard indeed.

In an exchange that I had with the Minister on 14 November, I asked him what he was doing to support the people at Brough who had been told that their jobs were in jeopardy. Unfortunately, he gave me a response with which I was not very happy, basically saying that it was a matter for a private company, that it was up to the company to decide whether there would be redundancies and that it was not really anything to do with him. I noticed that today, he talked about his deep regret about BAE Systems' announcement of the redundancies at Brough, but I say to him that it is not a factory making widgets. It is a defence manufacturer that is strategically important to this country, and in an area that is suffering disproportionately in the economic downturn.

It is unusual to debate a specific company on the Floor of the House—debates are not normally about one company. There are three issues, the first of which is BAE Systems in the context of the Humber area. I am the MP for the constituency that has the dubious characteristic of having the most people on jobseeker's allowance seeking a position—58.9 people are after every vacancy in my constituency. Any job lost in the area is a real problem for local people. The work force in Brough are highly skilled and motivated. If they lose their jobs, and if they can get other jobs locally, it is likely that they will be paid less and will not enjoy the conditions that they have enjoyed in previous years. Brough is an excellent example of manufacturing, and it would be a loss to the Humber region if it goes.

I noted what the right hon. Member for Haltemprice and Howden said about the salary of Ian King, which is more than £2.5 million this year. We should compare that with the average salary in my constituency: 40% of people in my constituency are on less than £14,000, which puts into context the importance of those jobs to Hull and the Humber region.

I hope that in the forthcoming White Paper, the Minister mentions not only the need to look at how we procure equipment, but the importance of maintaining manufacturing in the UK to its strategic capability.

Will the Minister undertake to press BAE on the following matters? First, why will the company not consider taking up the interim proposal of the unions and the executives to phase the movement of Hawk production to Warton over the next four years? That would protect an additional 300 jobs at Brough and save the company £22 million in production costs on the current contract. Secondly, how will the company manage the significant risk involved in moving production to Warton? The risk should not be underestimated—the move seriously compromises BAE's ability to tender for aircraft contracts in future. Thirdly, will the Minister press BAE on why it will not consider allocating some of its significant naval works to the Brough site?

The Humber area is suffering with the economic downturn. My hon. Friend the Member for Plymouth, Moor View (Alison Seabeck) mentioned the flatlining economy, but the economy is particularly bad in the

[Diana Johnson]

Humber area—the region is suffering more than others in the country. The Minister and the Government need to consider very hard what else they can do through the Department for Business, Innovation and Skills to ensure that alternative work is brought to the Brough site.

If BAE Systems goes ahead with its decision and makes people redundant, what legacy will it leave for the community, which has served it very well for many years? People have worked there for 20 or 30 years, and whole families work there. What will BAE Systems do? What will it leave behind for that community, which will suffer if the decision to make people redundant goes ahead?

1.53 pm

Lorely Burt (Solihull) (LD): I shall make a brief contribution on behalf of my Liberal Democrat Back-Bench colleagues. This has been an excellent debate. It is a bit disappointing that the Opposition Front Bencher soured it by making political comments, but there we are.

The UK has the largest aerospace sector in Europe and is second only to the USA globally. Aerospace is very much the jewel in the crown. It enjoys 5% growth year on year and in 2011 turnover was £2 billion. The fact that the UK has its own defence company is very important strategically.

The right hon. Member for Haltemprice and Howden (Mr Davis) said that manufacturing is declining, but it is not declining any more. In fact, it is up 2% as a percentage of gross domestic product, and by 10% in total.

The closure of Brough and the other job losses that have been announced are a tragedy for every single family, but I understand that Brough has not had an order for the Hawk fighter for more than four years. That is a real challenge. I implore the Minister to do all he can to effect the smoothing of any job losses and to encourage the adoption of any additional services. In fact, if GKN, Airbus and Rolls-Royce can make money out of commercial aircraft, I do not understand why BAE Systems does not look at that. There is obviously money to be made.

On job losses, the hon. Member for Preston (Mark Hendrick) made the point that for every job lost directly from BAE Systems, about four are lost from the supply chain. The Government have announced the two enterprise zones, and it is important that we do not lose those skills—not just the jobs at BAE Systems directly, but the jobs in the supply chain.

I have not been intimately involved in the story of BAE Systems, unlike right hon. and hon. Members who have spoken, but there seems to be a case to answer, particularly, as the right hon. Member for Haltemprice and Howden said, for the potential misuse of the intentions of the yellow book. I welcome the Minister's announcement that that will be reviewed, after a long period. The last thing we should be doing as a Government is allowing companies to make commercial benefit from the sad situation of job losses.

I should like to compare what is happening at BAE Systems with what happened at a company that I know rather more about from my constituency: Jaguar Land Rover. Two years ago, we were not sure whether we would lose the site in Solihull, but the company, with its determined work force, worked out a strategy. It worked well with the unions, as we have heard, and JLR is now in the good times. The announcement of 800 jobs at i54 in Wolverhampton was made just a few weeks ago, and last week another 1,000 jobs in Solihull were announced. There are new markets, opportunities and new products. That is what brought that high-level manufacturing company back into good times.

I appreciate that there are defence cuts and that BAE Systems must cut its cloth accordingly, but I hope our Minister can work with all the constituency MPs from both sides of the House to get a better outcome than the very sad one that we seem to be faced with at the moment.

1.57 pm

Graham Jones (Hyndburn) (Lab): I thank the right hon. Member for Haltemprice and Howden (Mr Davis) and my right hon. Friend the Member for Kingston upon Hull West and Hessle (Alan Johnson) for securing this debate. The motion relates to the skills base of the UK's defence production, which many hon. Members have mentioned, and the workers who possess those skills are the most important aspect of the debate.

I have huge concerns about BAE Systems' decision to sack up to 3,000 members of staff and the necessity of taking such action. I do not think that the Government have been particularly helpful either. Like many hon. Members, I received a letter from BAE Systems, which said that on top of the Eurofighter slow-down, one of the principal reasons for the labour force reduction was a

"slower than expected ramp up of the F35 Joint Strike Fighter Programme in the US".

However, when asked how that related to the 3,000 job losses, BAE told my office that it was "unable to quantify" the number of jobs that have been lost as a result of the "slower than expected ramp up".

It therefore seems odd to assert that as a reason for job losses. I am incredibly concerned by that remark, as it seems to mean that BAE Systems is planning to sack people that it has not yet hired, which is a strange human resources model for a company that prides itself on its employment record.

Additionally, union officials representing BAE workers have told me that there are more people working on the F-35 than there were last year, and that there will be no decrease next year. In fact, BAE is still recruiting for the F-35. The Chancellor has said on more than one occasion that job losses at BAE are down to a reduced F-35 order from the US, which is not the same as a

"slower than expected ramp up".

A reduction in projected future vacancies is not the same as losses resulting from reduced orders. I am worried that BAE is making ambiguous statements because the Government are making ambiguous statements. I pursued this in Defence questions on 14 November, but again was told that job losses were due to reduced F-35 orders. I hope that both BAE and the Government will shed some light on this point, as I am sure this House and those 3,000 people who may lose their jobs would like some clarity. I am told that there have been no reductions as yet in the F-35 orders.

I support the motion, and I want the House to make BAE aware that the reason it has been brought before the House is because of its particular relationship with the UK and taxpayers. The UK, and Lancashire and Humberside in particular, have through the years provided BAE with a great many reasons to be satisfied, and the UK taxpayer has invested significant resources in supporting the company's operations. I would hope that BAE would honour that by continuing to invest in the labour force and the UK's manufacturing base. We do not just want letters from BAE telling us how committed it is to the labour force. I want BAE in the UK, doing what it does best: manufacturing, exporting and employing people. The company has a great track record on employment and on investment in its staff, and I know that to be true without being repeatedly told by BAE. One has only to look at its links with local colleges and generous apprenticeship schemes.

I want BAE to recognise that it is deeply concerning to me and other hon. Members that the UK's commitment to BAE is apparently not being reciprocated. Comments from a former Defence Minister about UK procurement moving towards "buying off the shelf", and BAE's huge expansion in Texas are worrying. The Government must be committed to a UK defence industry. The concerns of this House must be addressed: otherwise, BAE cannot justifiably continue to advertise itself on billboards and taxis as a company whose chief benefit to the UK is the number of people that it employs.

I want to conclude by making some remarks about the relationship with the wider economy. There is an opportunity for the Government to act. It is obvious that the Government's plans for the wider economy are not working, and it is becoming increasingly obvious that a change of direction is required. Upgrading the e-scan radar in the RAF's Typhoon fleet, or investment in the unmanned aerial vehicles, which we saw successfully used in Libya, could secure and create new jobs in constituencies such as mine. Given the time limit, I shall conclude there.

2.2 pm

Mr Ben Wallace (Wyre and Preston North) (Con): May I congratulate my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) and the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) on securing this debate? I put on record my sympathy for the members of the BAE work force who have lost their jobs or have had their jobs put under threat—by the recent announcement or, indeed, over the past few years as the aerospace industry has contracted. I also wish to place on the record my thanks to BAE as a business. Both its work force and its management invest in my constituency, not just in plant, but in the schools and the community. They do an excellent job, certainly in Lancashire, in ensuring that they support the community from which they draw their employees.

In my constituency, I have nearly 3,000 BAE workers at both Samlesbury and Warton, as well as nearly 3,000 BAE pensioners. We should remember that when we bash the BAE brand as opposed to the work force, we may damage the share price, which is as important to the pensioners of BAE, many of whom live in the UK, as it is to job opportunities.

Before coming into the House in 2005, I was the overseas director for QinetiQ, a large UK aerospace company employing 10,000 people. I worked in consortiums, because most modern aerospace is now done by consortiums and subcontractors. I have worked with BAE, Finmeccanica, EADS, General Dynamics, Lockheed Martin, and with many overseas customers, in selling Britain abroad and, supported by the last Government and this Government, in our embassies, through the Defence Export Services Organisation and Ministers, in trying to win contracts. So I come with an awareness of what the real world is like in manufacturing industries. Eurozone manufacturing, for example—not ours, I emphasise—has shrunk faster in the last quarter than it ever has since the war. We have a £34 billion black hole in our MOD procurement budget, and defence spending cuts around the world are in progress; if the US Congress cannot reach resolution, they will certainly be made in the United States. These all have a large impact on us and we have to remain competitive, as well as deliver winning contracts, here and abroad.

As for the background to the decision, we have heard before about the slow-down in Typhoon, and we do not have to repeat the economic problems of Spain and Italy, which are two of the partner nations in that project, which inevitably mean fewer shifts on fewer production lines. The joint strike fighter development delays involve both technical delays and Congress budget hold-ups. We are not in control of that process, but we are ready to do our best with the JSF. BAE and the Government have invested nearly £100 million in the Samlesbury site to manufacture parts for every single JSF—not just the British JSF, but the US JSF and everyone else's. A joint strike fighter bought by anyone in the world will have part of its rear fuselage and some of its titanium manufacturing parts made in this country by my constituents and those of my colleagues in neighbouring constituencies.

We should not forget that we need to ensure that we secure the JSF programme in the US. The US has a $600 billion defence budget, and we must not forget that not many countries spend that much. As part of that figure, the US buys many components, not just from BAE but from many British manufacturers. The C-130 Hercules has 29% of its components from British manufacturers. It is made in America, but subcontracted in the UK. It is as important to subcontract and make parts as it is to perform final assembly and check-out.

I am afraid that I have to disagree with the analysis of my right hon. Friend the Member for Haltemprice and Howden about buying only what is made in Britain. The French have gone down that route, and their Rafale aircraft has sold precisely no planes abroad. Their aerospace industry is on its knees and they are desperate to try to privatise some of it or win orders abroad. We go head to head with them in India, and we can try to say to the Indians or the US, "No, you can't have anything made there, you can't final-assembly and check-out your aeroplanes there," but we are not the only people in the ring. The French are desperate to save their aerospace industry, and there are two US contractors with dollar funds that make us look like midgets. We must do what we can, where we can: if it benefits the shareholder and the work force, that should be our priority.

[Mr Ben Wallace]

What can be done? The Government can be tougher in committing to our UAV programme and ensuring that it has a long-term future, and I ask BAE to be much more transparent about increases in orders.

2.7 pm

Karl Turner (Kingston upon Hull East) (Lab): I start by congratulating the right hon. Member for Haltemprice and Howden (Mr Davis) and my right hon. Friend the Member for Kingston upon Hull West and Hessle (Alan Johnson) on securing this important debate. I come to the debate late, not just because I have been called to speak late in the debate or because my alarm clock did not go off, but because my involvement with BAE goes back only to the last general election when I was elected to represent Kingston upon Hull East. I bow to the greater experience of right hon. and hon. Members across the House who have done huge amounts of work over the years in relation to the company.

I want to say something about the trade unions at BAE Systems in Brough. I have met them on numerous occasions over the past 18 months and they have always been very committed to the company. They are pragmatic, and are not the type of trade union that hon. Members on the Government Benches would normally like to describe. They are very sensible in what they do and, in my experience, have always been very supportive of the management. But something changed. I met trade union representatives in July. Some redundancies had been announced at Brough, but they thought that everything was going well. As far as they were concerned, nothing was on the horizon. That was also the attitude of the management at the time, but on 27 September something went wrong and 899 redundancies were announced at Brough. The impact on the individuals concerned is clearly massive, and how they found out about the potential redundancies was disgraceful. They found out the same way I did—in the media.

The work force are flexible and the trade unions are pragmatic, but from my meetings with the management I am convinced that they have already made up their minds. In my respectful submission, this so-called consultation period is complete nonsense. They seem unlikely to change their view, and why would they given the yellow book situation that the right hon. Member for Haltemprice and Howden alluded to? I am told that up to 80% of the redundancy bill will be paid for by the taxpayer, so when a trade union official said to me yesterday, "That is me paying for my own redundancy," he was absolutely right.

The management have come out fighting. Chris Boardman claims that it is not entirely the company's fault. He said:

"we are in a really difficult period and the recession and the action the current Government has taken has just exacerbated that".

That might be right but the management have still acted particularly badly. The Government need to speak to them to see what we can do to save those jobs in my area.

I want to talk about the campaign being run by hon. Members and others. A few Saturdays ago, my hon. Friend the Member for Kingston upon Hull North (Diana Johnson) and I spent some time collecting signatures for a petition. Members across the House have worked hard on this together—it has been a case of non-partisan politics—which has been helpful. The *Hull Daily Mail*, too, has run a campaign to protect people at Brough, and should be commended on doing an extremely good job.

2.13 pm

Andrew Percy (Brigg and Goole) (Con): It is a pleasure to follow my near neighbour and fellow east Yorkshire MP, the hon. Member for Kingston upon Hull East (Karl Turner). I also pay tribute to my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) and the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) for securing this important debate.

I cannot add much to the arguments about Brough so I shall talk about the impact on the local economy. First, though, I shall respond to one or two of the points made by other Members, starting with my hon. Friend the Member for Wyre and Preston North (Mr Wallace). It is a little unfair to suggest that we think that everything should be bought here in the United Kingdom or that there is some sort of magic bullet. We recognise the requirement for partnership, to which my right hon. Friend the Member for Haltemprice and Howden referred. We are asking, "Are we getting what we can out of these contracts, or is the country too subservient in this sector?"

I am delighted that the debate has not turned party political or into a Lancashire versus Yorkshire argument, which is important to me as a Percy: the Percys fought on the Lancastrian side despite being a Yorkshire family. *[Interruption.]* Actually, we changed sides halfway through because we like to be on the winning side.

Mr Deputy Speaker (Mr Nigel Evans): Order. May we return to BAE?

Andrew Percy: The point is that this has not been a political debate.

I want to discuss the impact on east Yorkshire and my constituents in north Lincolnshire, a number of whom work at BAE Systems. It was brought home to me on the day of the announcement when my secretary, whose husband works at BAE, contacted me distraught about what was happening. Practically everyone who lives in east Yorkshire knows somebody who works at, or is connected to, the factory. As my colleague and near neighbour, the hon. Member for Kingston upon Hull East will attest—we were two boys at Hull comprehensives—when we went to school in the '80s and '90s if someone wanted an apprenticeship, they got one either at BAE Systems or at Saltend with BP. The vast majority of my compatriots and friends at school did not go to university but, like their parents, worked—and continue to work—at BAE Systems.

As Members have said on both sides, the company is rooted in east Yorkshire, and the impact of its leaving will be indescribable not just on the work force but because of the work it does in local schools and through pairing with universities and colleges. As the hon. Member for Kingston upon Hull North (Diana Johnson) said, the Humber economy is in a pretty poor state, and has been for a long time. Over the past 10 years, we have lost

private sector jobs along the Humber at a time when the rest of the country was growing private sector jobs. We are in a bad state, and the consequences of losing these 800 jobs will be indescribable.

The Minister used the word "disingenuous". That is what we all feel about BAE Systems' actions. As the hon. Member for Kingston upon Hull East said, when we met BAE Systems in July—the unions and everyone who has spoken have attested to this—we were told that although things were tough, the company was expecting Hawk contracts and that the most recent round of redundancies had secured the site and the business for the future. We expected those contracts to be landed and those jobs to be secured.

Alan Johnson: Does the hon. Gentleman recall that the specific criterion on which BAE let staff go in the last round of redundancies to which we agreed was that it would retain those with the capability to build Hawk? That was as recently as this summer. Would it not be strange for BAE not to be aware at that time of the decision it announced in September?

Andrew Percy: Absolutely. None of us can explain how in just six weeks the whole world was turned on its head. We have sat through BAE presentations and been shown projections going years into the future—although oddly the line always ends about 2016 and we never get to see the line beyond. Despite these predictions, however, in six weeks the world was turned on its head. Members and people watching can read into that what they wish.

We have talked about the legacy issues. It is unacceptable for BAE to think that its role is simply to secure work for the Brough workers elsewhere in the country. Constituents of mine who work at BAE Systems, including the former mayor of Goole, do not want to leave the local area or uproot themselves from their families; they want to stay working in east Yorkshire. After all, along with north Lincolnshire, it is the best part of the country to live in—so why would they wish to leave? They want to remain on that site.

I say to BAE—I hope that the Minister will listen to this message and take it forward—that it has a duty to do everything in its power, even if it hits it in the pocket, to ensure that manufacturing remains on that site, if not through the production of Hawk and other aircraft, through securing other companies and third parties on the site. It cannot walk away from Brough. It cannot say, "Well, we've done everything we want to do. We'll help to find them jobs." It has a duty to secure that site, and we, as local Members of Parliament—and, I hope, with the support of the Government—will do everything that we can to ensure just that.

2.19 pm

John Woodcock (Barrow and Furness) (Lab/Co-op): It is good to follow the hon. Member for Brigg and Goole (Andrew Percy). I shall take up some of the points about which he spoke so well. We have also listened to powerful speeches from the right hon. Member for Haltemprice and Howden (Mr Davis) and my right hon. Friend the Member for Kingston upon Hull West and Hessle (Alan Johnson). I hope that the company will listen to them, make this consultation genuine and rethink its approach to the jobs currently set to go.

It is hard to underestimate the appalling hardship that looms for these communities. While the Astute programme in Barrow shipyard is maintaining the order book there, we remember and still feel the scar of the 10,000 jobs lost there in the early '90s and the tale of long-term benefit dependency, which still remains with us to an extent to this day. It is not only those communities that feel the blow, as this is a hit on the defence industry across the north where synergies between the aerospace and shipbuilding industry jointly support supply chain jobs, which many people will be worried about if these job cuts go ahead.

Most of all, of course, this affects individuals. When I attended BAE's apprenticeships awards earlier this month, I saw brilliant talent there—people who had been employed in engineering manufacturing kit to help injured troops returning from the front line who were based at the Queen Elizabeth military hospital in Birmingham. The teams from the affected sites were not clear about what their future would be or whether they would be able to remain.

Previous speakers have highlighted the company's responsibility to rethink. I want to stress the importance of the questions facing this and future Governments about their approach to the defence industry and to maintaining our defence industrial base. In an earlier intervention, the hon. Member for Wyre and Preston North (Mr Wallace) criticised aspects of the previous Government's defence industrial strategy as Stalinist. The right hon. Member for Haltemprice and Howden pointed to ways in which companies are still able to offshore, despite agreements put in place in certain areas. It is a great worry that current Ministers seem reluctant to take responsibility for helping to shape an overall strategy for industrial capacity.

Mr Wallace: If my memory serves me correctly, the hon. Gentleman was a special adviser in the Ministry of Defence—if not, I apologise, as I would not want to tarnish him with that accusation. Does he not think it wrong that under the last Government—it is not about party—the decision was made to underpin industrial strategy by guaranteeing work for a period, such as for 15 years on the Clyde, even if contracts were not going to be placed? That would restrict future Governments in deciding the shape of the armed forces' and taxpayers' money would be used to compensate for work that did not actually exist. The Government were the contractor.

John Woodcock: Agreements that secured work in the UK were really important. Where there are lessons to be learned from how those agreements were put in place, we should learn them, but the current Government have turned their back on this whole approach and that is a cause for considerable alarm. At a time when the Prime Minister and the Business Secretary are talking about reforming the Government's overall procurement process to try to encourage more jobs here in the UK and to protect supply chains, I hope that such an approach will be meaningfully reflected in a rethink by the Ministry of Defence and in its forthcoming White Paper.

Whatever the balance of responsibility between Government and suppliers for ensuring that the current crisis is addressed and the future set more securely, we need to remember that it is not just the economic

[John Woodcock]

implications for areas that are important—as, indeed, they are—because what happens affects our ability to protect our country and support the front line. I have gone around and talked to companies and small businesses that are part of the supply chain about how they have been able to speed up getting vital equipment to troops on the front line for urgent operational requirements in Afghanistan. If our industrial base shrinks and we end up knocking on the door of foreign companies when we know we need new kit to ensure that we can have an edge on the battlefield, we will not have anything like the same level of guarantee that we will be able to accomplish that.

Finally, in an uncertain world, we simply cannot know what our defence requirements are going to be in decades ahead. It could significantly increase the nation's vulnerability if we allow our prized industrial base to shrink from here.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. We have three more speakers. I shall allow them their five minutes each, but I strongly discourage any interventions during their speeches.

2.25 pm

James Wharton (Stockton South) (Con): I congratulate hon. Members of all parties on what has been a passionate and heartfelt debate on behalf of constituents right across the country. It is always reassuring when there is a consensus across the political divide on an issue of such importance.

I shall speak primarily about one facet of this decision—the policy that successive Governments of whatever colour have taken towards defence procurement and how it should be considered by BAE as it moves forward. In broad terms, there are two camps on defence procurement. There are those who believe—we have heard some of their arguments put forward eloquently today—in the strategic imperative of retaining our defence industrial production base: our capability, as a nation, of building our own defence and aerospace systems. At one extreme, that could mean everything from building the wings and canopy on a fighter jet to supplying the bullets that go in SA80 A2. That is a valid argument that retains an integrity and strategic independence for the UK, which has been valued highly by Governments for many years.

At the other end of the spectrum—the other argument put forward by the likes of Lewis Page in his book, "Lions, Donkeys and Dinosaurs"—is the suggestion and proposal that we should buy off the shelf and look to find the most effective but also cheapest option that meets our defence requirements and needs. We should not falsely subsidise an industry, as some argue, for strategic reasons when so many other countries across the world supply their defence needs by off-the-shelf methods because they do not have that home-grown capability.

The reality for BAE is that it is a company that is a product of political decisions taken over many years. It is a product of decisions taken by the British Government to retain the defence infrastructure and capability for a variety of strategic and economic reasons, including the benefits that flow from that in jobs, development, R and D, new technologies and exports. In 2009, BAE exported about £4.9 billion-worth of equipment, expertise and knowledge from the UK. That is very valuable for our economy and helpful to the Exchequer.

BAE is a product of a series of policies. This debate sends an important message to the company. If by the decisions it takes it loses the skills base that allows it to be competitive, and if it stops delivering, or reduces, the jobs benefits and economic advantages to this country, there is a danger that those who propose a more purist free-market approach to defence procurement will feel that their argument is strengthened. BAE's great strength is that it has provided British jobs, growth, investment, technology and research. If it loses skilled workers and finds itself having to re-recruit when future contracts are secured, thereby driving up its costs and driving down its competitiveness as well as damaging our skills base nationally, it will weaken its future prospects and strengthen the argument of those who believe that we should be looking to buy more off the shelf and to rely on others to do the heavy lifting of developing defence technologies, all of which are expensive. Although at heart I am a free marketeer, I am extremely concerned that BAE might take a decision that benefits its short-term profit margin but in the long term could damage its capabilities, strategic position and ability to compete successfully for British contracts.

I am concerned that the arguments of those who do not believe in, or support, our home-grown defence production infrastructure will be made stronger by what appears to be a short-term decision that will benefit neither the company nor this country. I therefore urge BAE to listen to what Members have said today, and to look at the options available to it. I ask it to reconsider its decision at this time of great economic need for the United Kingdom, and to come to a different decision that would be better for its long-term future and that of its work force.

2.30 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): I speak in this debate both as a member of the Defence Committee and as a constituency Member who has an interest in the future of BAE Systems. There is a plant in Hillend in south Fife that employs more than 200 BAE workers and makes radar components for the Typhoon aircraft.

This has been a remarkably consensual debate. I have a positive view of BAE Systems; it does a tremendous amount of good work in my constituency. Last week I visited the Abbeyview day centre; for its 25th anniversary, BAE gave it a grant of about £1,800 to allow it to continue to provide support to our older citizens, many of whom are pensioners who previously worked at BAE.

The hon. Member for Stockton South (James Wharton) talked about buying off the shelf. I believe BAE, along with many other defence industry companies, produces some first-rate exports. The Typhoon aircraft proved itself superbly during Operation Ellamy in the skies above Libya, and we look forward to the arrival of the F-35 Lightning II. It is worth noting that the Lightning I, which was made by one of the predecessors of BAE

Systems, BAC, was the finest jet aircraft of its generation and a testament to what British aeronautical engineering can achieve.

The Defence Committee did, however, have some concerns about the ongoing cost issues in respect of the F35. Those concerns are shared by our colleagues in the Senate Armed Services Committee. We have communicated those concerns to the Minister, and I have discussed them with him on several occasions. I know that he is committed to ensuring that BAE Systems and other companies do not allow costs to ramp up beyond control. The Defence Committee welcomes the Minister's response to our last report. He announced that some of the Ministry of Defence's best minds are currently working on the F-35 procurement programme.

It is disappointing that not a single Scottish National party Member has taken part in this debate. One might speculate that that is because they are part-timers, or because the SNP would, in its separate Scotland, destroy the defence industry in Scotland. Members on both sides of the House have talked about the value of jobs, and it is worth remembering that there are more than 4,000 BAE Systems employees on the Clyde working on shipbuilding. I have a number of BAE Systems staff working at Rosyth on the aircraft carrier Alliance, alongside their Babcock colleagues. They are engaged in ship assembly and refitting work. Those jobs would be lost in a separate Scotland. The SNP has offered no alternative to that.

Nor has the SNP explained what the future of the RAF or a Scottish air force would be. It has given no idea of the type or size of the Scottish air force. One can only assume it will not be buying any F-35s. It has said nothing about how many Typhoon aircraft it would purchase. We can only assume from that lack of information that it does not see a future for BAE Systems in Scotland, and that it would not offer any defence work to companies such as Babcock and BAE.

The fact that this has been a consensual debate is to be welcomed. In that spirit, I hope the Minister will promise to work with the trade unions in making the case for the defence industry in the UK. It is important that we continue to have exports around the world and that the Ministry of Defence sees part of its role as maintaining the business model for companies such as BAE Systems and Babcock. The MOD should be proactively going out and selling the virtues of the Typhoon and the F-35 Lightning II. I hope that the Minister will undertake to do that in the months ahead.

2.34 pm

Mr Tobias Ellwood (Bournemouth East) (Con): It is a pleasure to be the final contributor to this important debate, and I begin, as others have done, by congratulating the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson) and my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) on securing it. Some interesting messages have emerged from it, both for the Government and for BAE Systems.

My right hon. Friend began by highlighting the importance of these decisions and the impact they will have on families where redundancies are involved, not only in his constituency—in Brough, which I know well, as I was married just up the road in Kilnwick—but across the country, as 3,000 jobs are going. The defence manufacturing industry can be a ruthless and competitive business, and we must bear in mind the impact on individuals, families and communities. He also mentioned that Britain no longer makes jets. That is true, but we do make an awful lot of parts. We are part of various consortiums, and that is the way forward, as it is in the car manufacturing industry. It is difficult to think of aircraft that do not utilise engines from Rolls-Royce, wings from Airbus and so on. That is the way of the world and we can at least be proud of the extent to which we are part of the great defence consortiums.

The Minister was right to remind the House that this country still has the second largest defence industry in the world, and our share of exports has indeed increased in the past year. My right hon. Friend the Member for Haltemprice and Howden also mentioned the concern that jobs involved in putting together these products, particularly the Hawk, are going to India. He countered my intervention by saying that I was absolutely right and that although we do export the M-777 and the empennage—the rear end—of the F-35, perhaps BAE Systems could look more wisely at things, particularly future upstream developments such as the Mantis, the Taranis, the Type 26 and other intelligence, surveillance, target acquisition and reconnaissance—ISTAR—assets which could be built in the UK rather than elsewhere. He also made an important point about executive pay, and restraint could be shown there.

We are being affected by an economic slow-down and that does cause a review of budgets, not least in the United States. That is why we are affected by what is happening with the F-35B, because it is American orders that are having an impact on us. That is not a decision made by our Government. However, this Government have had to make some very difficult decisions. Along with other Departments, the MOD received a cut of 7.5%. In addition, as confirmed by the Audit Commission's report in 2009, there was a £38 billion overspend on procurement projects that had to be contained.

That raises the question about the involvement of the Government: how far do any Government get involved in the decision-making process of the defence industry, particularly in securing orders? As has been mentioned, there is a decision to be made about whether to buy off the shelf or have procurement processes. The first step is to have a strategic defence policy and a review to make sure that there is clarity about where we want to go. Let us consider what happened in Afghanistan. The replacement of the Snatch Land Rover took some time, and the Cougar, Vector, Jackal, Mastiff and Ridgback were procured off the shelf and then, in one way or another, got rid of. At the same time, BAE Systems made the RG31, a mine protected vehicle used in South Africa, and the MRAP—mine resistant ambush protected—vehicles, which were used by the Americans, but both those were ignored.

Mention has been made of the Nimrod, but that is a very sad tale indeed. The first contract was signed in 1996 for delivery in 2003, but by 2010, when the coalition Government were formed, not a single aircraft had been delivered. The cost of each aircraft had also jumped from £133 million to £455 million, which is a huge increase. This aircraft was of course based on the Comet design—it was a 1960s design. That was an appalling procurement project and eventually it had to come to an end.

[Mr Tobias Ellwood]

I shall end my contribution by saying that I am very pleased that we are having this debate, as there are huge lessons to be learned in the procurement process. I am pleased that we have come forward with a defence industrial strategy. Redundancies are always regrettable and I hope that BAE Systems and the Government will take heed of the various messages that have come from hon. Members on both sides of the House in this debate.

Question put and agreed to.

Resolved,

That this House urges BAE Systems to act to preserve the UK's defence production skills base and, as a recipient of enormous resources over many years from the UK taxpayer, to deploy those resources in such a way as to protect the nation's manufacturing capability.

Manufacturing

Mr Deputy Speaker (Mr Nigel Evans): I remind the House that there is a five-minute limit on Back-Bench contributions, but not for the first two speakers, or for the Minister and the shadow Minister.

2.39 pm

Guy Opperman (Hexham) (Con): I beg to move,

That this House has considered the matter of the future of manufacturing.

Manufacturing should be at the heart of any long-term plan for economic growth. It is a sleeping giant that, if revived, would become the backbone of a strong UK economy. It is entirely right that, five days before the autumn statement, we should have the opportunity to debate the subject in broad terms in the House. I thank the Backbench Business Committee and the House of Commons staff for their assistance in bringing this matter before the House and, in particular, I pay tribute to my co-sponsors, the hon. Member for Huddersfield (Mr Sheerman), my hon. Friend the Member for Warwick and Leamington (Chris White) and the hon. Member for Burnley (Gordon Birtwistle), who have adopted an all-party approach to this problem which affects us all.

It is well known that I used to be a jockey and a lawyer, so it is legitimate to ask how on earth I can have any credibility in speaking about manufacturing. All MPs do, because we all have small and medium-sized enterprises that make something in our constituencies. We all have credibility on this issue.

My family came to this country as immigrants. They were engineers, specialising in gears. In May 1924, in the depths of a very bad recession, they set up Opperman Gears in a basement in Albemarle way in Clerkenwell. It had four staff—my great-grandfather and his three sons—who worked in the basement on two lathes, three milling machines and a couple of tools. They had borrowed £110 from a distant relative to set up the business. It grew rapidly and by early 1939 it moved to Newbury, where my family set up a larger firm that was able to produce the parts for the Wellington bomber with its long-term partner, Vickers.

We do not run that company any more, but I should declare that I am a shareholder in the small manufacturing business run by my father and that my family members are involved in a number of different manufacturing businesses up and down the country. I should also make it clear that I resigned my directorship of the family business in 2009 and am not paid by it in any way.

I should also declare that I am a wholehearted supporter of my local manufacturing businesses in the north-east, notably Kilfrost, EGGER, SCA, Agma and others, and their financial support allowed the charitable functions I ran this summer in the constituency. I should declare an indirect link, in that a director of one of those firms made a contribution to my association.

I hope I am doing my bit to try to create jobs. I was the second Member of this House to employ an apprentice and I urge those Members who have not to do so. She is a young lady who works in my office in Hexham and who has been with me now for nearly a year, and is doing extremely well. Members of all parties can take on apprentices—it is allowed under the rules—and I urge them to do it.

The scale of the manufacturing deficit is huge. The nations that expanded post-war specialised in and pushed manufacturing. Those nations—Germany, Japan, Taiwan, Korea and China—knew what they were doing. Today, the services sector alone can prop up Britain no longer, and there is a strong argument for greater industrialisation and changing things. We have seen the demise of manufacturing—it accounted for 20% of gross domestic product in 1997 and now accounts for 11%—and there is a strong argument for specialising not just in high-tech industry but in other industries, which are often derogatively labelled "metal-bashing". Their products are unassuming, even if they are created by some of the most precise machines on the planet.

My constituency is in Northumberland and my four biggest non-public sector employers are all manufacturers. The north-east might be the birthplace of ships and steel, but we have reinvented ourselves. I was pleased to see SCA recognised in the Government-backed "Made by Britain" awards, which were so ably organised by the hon. Member for Huddersfield. That company employs about 435 local people in Prudhoe, including 60 apprentices. It could not be doing any more to support its local community. It does not make glamorous, eye-catching products—or perhaps some people think it does—but it produces one in every five toilet rolls in this country, as well as vast quantities of paper towels. I am sure we all agree that those are essential products.

Graham Evans (Weaver Vale) (Con): Flushed with success.

Guy Opperman: It is, indeed, flushed with success, as my hon. Friend so ably quips from the sidelines—as always, he is on the money. The wood pulp goes in at one end of the factory and paper products come out at the other. The machinery is highly technical; this is modern manufacturing in the modern age.

In this time of austerity, I am extremely proud that the north-east has a positive balance of trade and is the only region consistently to do so. We should trumpet the fact that the North East chamber of commerce is the only regional chamber of commerce in the country. It represents more than 4,000 businesses and covers more than 30% of the region's work force. If I had to single out one local concern that it has highlighted to me from the multitude of things it would like to be done, it would be to urge the Minister to conduct the review that it is hoped will be undertaken of the planned carbon floor price and other climate change and energy-related matters.

How are we to address the manufacturing deficit? I have three main suggestions. First, we need a Minister for manufacturing. That is not to decry the efforts of the Minister with responsibility for business or the Business Secretary, both of whom are worthy men, or those of any parties in that Department. However, the fact remains that, according to the House of Commons Library, there has not been a Minister for manufacturing since 1945.

Gordon Birtwistle (Burnley) (LD): In my constituency, I get a lot of requests from local manufacturing companies for advice on various issues, mainly in relation to exports and where to go for help with them. Does my hon. Friend agree that a Minister with responsibility specifically for manufacturing would be a major asset to the Government and the manufacturers of this country? Businesses would be able to go directly to the person who could give them the answer they required rather than having to go through myriad Departments. People get lost in that process—even Ministers sometimes, I imagine—and if we had someone who could be accessed directly and who reported directly to the Prime Minister, that would be a major asset to the Government.

Guy Opperman: I completely agree. To put it in the vernacular, we need a go-to guy who is the one person looking after manufacturing.

Chris Ruane (Vale of Clwyd) (Lab): Or a go-to girl!

Guy Opperman: Of course, it could be a woman—I accept that entirely. I was using the term generically. Such a Minister could provide co-ordinated responses to the concerns of manufacturing businesses. Having such a Minister would send out a message that this really matters. I challenge anyone to say that that is not a good idea. It is something that successive Governments have consistently failed to do, and I do not blame previous Governments for that, but doing it would send out a positive message for the future.

The second issue I want to address is banking and the chronic deficit that every Member of the House must be facing in their constituency—a lack of bank financing for businesses. Every one of us, in every constituency surgery, will regularly have businesses coming to us and saying, "I cannot get the funding I need," or "I cannot get the borrowing I used to have." It is a chronic problem. Much good work is done by business angels and credit unions—those hon. Members who attended the debate on credit unions yesterday will know that very positive steps were discussed there—but when it comes to bank finance, the system of the main banks is clearly logjammed. What can we do about that?

Currently, to set up a bank one needs £110 million-worth of assets—of cash, effectively—or the Financial Services Authority will not allow it. If the FSA relaxed that rule or changed the figure to £10 million, for example, then prominent local businessmen or businesses in a local community could set up a local bank.

Traditionally, the problem has always been that banks go bust, as they did in the 1920s and '30s, because they over-borrow and over-lend in effect. If there were a restriction such that they could not exceed the money held on deposit with the Bank of England, the only loss that could be sustained would be the funds in that bank. The effect would be true localism. Someone could set up the bank of Hexham—or, in the Minister's case, the bank of Bognor—and that bank would be specifically focused on providing small and medium-sized enterprise lending to local businesses.

The Minister for Universities and Science (Mr David Willetts): In my case, it might be the bank of Havant, rather than the bank of Bognor.

Guy Opperman: There could be competition throughout the region. That would not be difficult. Would it not be great if we had some competition among local banks?

Andrew Stephenson (Pendle) (Con): In Pendle, a local businessman called David Fishwick is trying to do exactly what my hon. Friend suggests. He is trying to

[Andrew Stephenson]

create his own bank to help small and medium-sized enterprises in Pendle and Burnley. The regulations are so detailed and engrossing that the FSA has refused to help him, despite his instructing high-flying lawyers. So far, it has even refused to meet him to discuss the creation of a bank that would directly help small and medium-sized manufacturers in Pendle and Burnley.

Guy Opperman: I will give way again.

Lorely Burt (Solihull) (LD): The hon. Gentleman has obviously excited a lot of interest with his suggestion. Will he consider the American model of community banks, which have stood the test of time and served their communities?

Guy Opperman: My hon. Friend anticipates my next move, which is to say that such matters are already road-tested in other jurisdictions in other countries. Sadly, the FSA is reluctant to change its regulatory system. I have heard other examples of its failing to meet individuals who want to provide local financing—something that would be immensely good for local communities and could provide a flexible approach. Instead of being stuck with a loan from Barclays, for example, people would have a much lower flexible interest rate and adopt a much more interesting way to recuperate their finances at a later stage when the company was in profit. Banking would be local. We all know what happens when we are approached by a constituent when a business is in trouble. The decisions in relation to such financing are made not in Hexham or Newcastle or even in the north-east, but in a place such as Nottingham or Leatherhead or, ultimately, in London. That must change.

Mike Weatherley (Hove) (Con): Does my hon. Friend agree that the banks in his example would facilitate help for some of the failures in respect of the enterprise finance guarantee scheme? There are 4.8 million SMEs, but the Government are targeting only 6,000 of them with help through the EFG at the moment.

Guy Opperman: My proposal would provide an alternative way forward for the financing that those businesses clearly need. I suggest that the Minister take it back to the future Minister for manufacturing and the Treasury, with a view to trying to move forward. I am conscious of the time, so I will not take any further interventions.

My next suggestion is an industry bank. We could extend the remit of the existing green investment bank to form a general enterprise bank, for which there are successful models in Germany and the United States. The German KFW—a product of Germany's social market tradition—and the US Small Business Administration industry bank are specialists in long-term lending to SMEs, and they are effectively financed by their Governments, with a bottom line of commercial viability and social benefit.

The blueprint also exists in this country. What is presently 3i, which is a FTSE 100 company, was originally the UK Industrial and Commercial Finance Corporation, which had tremendous success when it was set up. On practical realisation, given that we have quantitative easing, would it not be better, instead of investing all those sums in bank bonds, for some of that money to go into an industry bank, so that it would go directly to the people who need it most and who are creating the jobs and growth that we all want and need?

I must conclude my remarks. I urge the Government to have a more pro-business policy. Others will talk of what the Government are doing and the positive steps they are taking, but I put in a plea for flexibility. There are repeated examples in my constituency of viable and successful businesses being penalised heavily for being a day late with their tax returns, or three days late with their VAT returns. Effectively, the Government are penalising those who are working the hardest to create the jobs that we need. I thank the House for its indulgence.

2.55 pm

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): My sincere apologies for arriving two minutes after the hon. Member for Hexham (Guy Opperman) started his speech, but I think I caught the gist of it. We have worked harmoniously in calling for this debate, and I am delighted that we are having it today, and that it is cross-party. The group of us who are associated with the all-party manufacturing group are very pleased about that. My interest in manufacturing has obviously been a total failure. I have been in this House for more than 30 years, and I started the manufacturing group not long after I got into Parliament. Ever since the original all-party manufacturing group started, our manufacturing sector has shrunk and shrunk, under all parties and all Governments.

I represent Huddersfield, the cradle of the industrialisation of our country. Anyone who knows anything about my part of the world will know that even today it is a centre for the highest-quality wool textiles—super-100 and super-110 worsteds and so on. It is also very well known for its engineering, for David Brown gears and many other manufacturing companies, and of course for chemicals, which come from the traditional industry of dyestuffs for textiles.

Huddersfield became an industrial town because of power. The energy coming from the fast-flowing streams from the Pennines—the Holme, the Colne and the Calder—attracted industry because that is what made the mills work. That is how we got industry in our part of the world. It was a manufacturing town. There was not much in Huddersfield; there was the old village of Almondbury, which is a bit of a market town, and an ancient place, but the modern town is 18th and predominantly 19th century. Some 70% of the population would have been in the manufacturing sector. We are now down to about 8.9% manufacturing employment in the constituency, whereas 86.7% of employment is in various forms of services; 33% is in health, education, or working for the local authority. We are lucky to have a large and successful university, Huddersfield university, which is pre-eminent in engineering, textiles and design innovation, but that does not disguise the fact that we are pre-eminently in the service sector; 87% of employment is in services of various kinds. Unemployment is at its highest level since I became a Member of Parliament.

Gordon Birtwistle: Does the hon. Gentleman agree that the collapse of manufacturing in Huddersfield, which has gone from 30% or 40% of employment to 8%, is significant given that youth unemployment is so

high? Huddersfield's colleges are training young people to be engineers and manufacturers, yet the collapse of manufacturing industry means that the jobs are not there any more for them to do. Manufacturing has been overtaken by the services sector. Does he agree that it is high time we reversed the trend towards the services sector and returned to a buoyant manufacturing sector, which could employ those young people?

Mr Sheerman: I would go 90% of the way with the hon. Gentleman, but I would not accept the word "collapse", because we still have a vibrant, though much smaller, manufacturing sector in engineering and chemicals. The textiles, engineering and chemicals industries are still there, and have very high productivity, but the capability now is such that we turn out an enormous amount of worsted in a crinkly shed—not one of the magnificent old stone mills—that is working 24/7. I think we underrate the productivity of some of those industries.

I do not want to make Members suicidal, but let us compare the decline of the UK's manufacturing sector with that of other countries before moving on to something more cheerful. In Great Britain around 8.8% of employment is in manufacturing. Some figures for 2008 indicate 9.8% for manufacturing and 80.8% for services. Things are very similar, if not worse, in the United States, where employment in 2009 was 8.9% in manufacturing and 83.4% in services. The decline of manufacturing in the UK has very much gone in parallel with the experience of the US. By comparison, Germany still has 18.5% in manufacturing and 73% in services, and China has 27.8% in manufacturing and 53% in services.

I want to draw the House's attention to the UK's balance of trade, particularly the trade deficit with Germany, which last year was £16.8 billion, and with China, which was £21.6 billion. Whatever is happening today, and despite the depressing interview with Chancellor Merkel last night, which persuaded me that we are on the precipice of a world recession, we must remember that Germany has been very fortunate and that the eurozone has been very kind to German manufacturers over this period. The renminbi, the Chinese currency, which the Chinese conveniently manipulate to give their manufacturing exports every possible advantage, has done the same for China.

I want to dwell on the future and what kind of society we want. It seems to me that we want a wealth-creating society that produces the goods and wealth that can then be shared. Some of us disagree about the levels of individual and corporate taxation, but we all agree that we have to produce the wealth in order to share it, whatever way we choose to do so. I am concerned that if we do not do something in the manufacturing sector we will not have very much to share.

What do we depend on? A core element at every level of activity is the fact that in every facet of human experience success depends on the quality of the people who do the job, their skills and commitment and their desire to do a good job. In the 10 years that I chaired the Education and Skills Committee, that came home time and again. The history of our country is one of clever and skilled people with ingenuity, determination and a hunger to do something. We have had an amazing crop of entrepreneurs. At the heart of our manufacturing problem is the fact that too many people in our country who go to university do not go into manufacturing. I remember walking across the hallowed lawns of Magdalen college with the master some years ago. I asked him whether any of his graduates went into manufacturing or public service. He replied, "Oh no, they all go into the City." If we continue to make the City and banking the profession of choice, we will be in even more trouble than we are in at the moment.

Mr Pat McFadden (Wolverhampton South East) (Lab): My hon. Friend is drawing attention to the place of engineering in academic ambition. Does he welcome, as a corrective to the problem, the recently announced Queen Elizabeth prize for engineering, a £1 million prize overseen by the Royal Academy of Engineering, which is designed precisely to elevate the status of engineering, creativity and innovation for the next generation of young people?

Mr Sheerman: I agree absolutely, and was going to mention that. I was also going to mention the Aldridge Foundation and Rod Aldridge, who founded Capita. He puts a great deal of money into education and is absolutely obsessed with finding entrepreneurs and giving them a chance to become successful.

We must ensure that there is reward for the risk of being an entrepreneur. We have to be open about the fact that that is what we want to reward. No one on either side of the House should fail to realise that. I do not mind seeing entrepreneurs getting super salaries. I have a great deal of sympathy with some aspects of the 99% campaign, but I do not mind people earning a great deal of money and being rewarded if they are entrepreneurs who produce jobs and wealth. I am worried when people in pretty safe and comfortable jobs, who are never going to risk anything, get millions of pounds a year. That is what I do not like.

On skills and training, the STEM subjects are neglected in our country, and we need more young people to stay with science, technology, engineering and mathematics longer.

Tony Cunningham (Workington) (Lab): Many engineering entrepreneurs, past and present, started out as apprentices, so does my hon. Friend agree that if we put more energy, resources, money and time into apprenticeships we might see more entrepreneurs?

Mr Sheerman: I absolutely agree, and I will come on to that issue.

The slight disagreement between me and the Secretary of State for Education has occurred because I believe that young people who are not very academic but quite good at practical subjects will lose out on an opportunity if we remove design and technology as an option, focus on the more rarefied academic subjects and push the more hands-on subjects to one side.

After the Tomlinson report we lost diplomas, and that was the fault of the Blair Government, but the role of our universities is one thing that we can say is brilliant. If it was not for our universities, I would despair. They are increasingly working with entrepreneurs and the manufacturing hinterland, and that must be rewarded. We need more links between universities and further education colleges, of which there are about 450 in this country, and they really need to work much more closely, so that they turn out the young people

[Mr Sheerman]

that local industry needs. We should not pretend that all apprenticeships are three-year courses in engineering, because they are not; the average length of an apprenticeship is one year to 15 months, but they are not good enough; they are not proper apprenticeships.

On design, anybody who wants to know or who cares about the creative industries should look at Sir George Cox's review of them and their relationship with enterprise, innovation and manufacturing. If we were to ask him, "What is the one thing that could transform this country's manufacturing success and wealth creation?" he would tell us, "It's the supply chain and how this country and its Departments procure. At the very heart of making a great change, it's procurement that will do it."

I could have covered other things today, but I finish on this point. In this country, we are still pussyfooting around competition. I have grown up to be a free trader, with the belief that we are a trading nation and should not have any barriers to trade, but I am changing my mind. I do not believe that this country, at this moment in time, with the imbalance in exports and imports between ourselves and Germany and China, can possibly accept the situation for much longer. Something pretty dramatic has to be done, especially when research increasingly shows that China, that wonderful, not very democratic industrial nation that is growing very fast every year, conducts a form of economic warfare against any area where it feels there is competition.

Let us look at the way in which the Chinese seek raw materials, resources, minerals and rare earths. An expert from a university told me yesterday, "If you want to know who's going to move into Afghanistan in 2015, it will be the Chinese, because Afghanistan has more of the rare earths that China wants than anywhere else." The Chinese will be there in 2015, as they already are in Africa and throughout the world, and they are also manipulating currencies and targeting specific industries in a way that we have only just begun to comprehend.

So there is economic warfare, and it is about time that the Treasury, with other Ministries, was conscious of this: manufacturing matters in this country. We need skills and entrepreneurs, but we have to have fair competition with competing nations.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. As we are approaching the festive season, I will play an early Father Christmas and set the time limit at 10 minutes.

3.9 pm

Graham Evans (Weaver Vale) (Con): I congratulate my hon. Friend the Member for Hexham (Guy Opperman) on securing the debate. Apart from a brief spell stacking shelves in my local Co-op in Poynton, I have worked in the manufacturing industry for my entire career. Interestingly, my first manufacturing job as a young man was working for BAE Systems on the mark 3 airborne early warning Nimrods. After a lot of taxpayers' money, that was rightly cancelled because it was over budget and out of date and did not work.

When Britain was described as the workshop of the world nearly a century and a half ago in 1870, the UK accounted for almost half—46%—of the world's manufacturing output. Today, that title has been bestowed on China, which produced a fifth of the world's manufactured trade in 2007. The term seems to have lost some of its meaning over time, as has the notion of Britain as an industrial nation.

Everyone appears to believe that the UK is doing fine when it comes to manufacturing, citing the fact that we are the fifth largest manufacturer in the world in terms of value of output. That attitude has bred complacency and allowed successive Governments to believe that they are doing enough to maintain that position. However, that belies the truth. If we measure manufacturing in terms of per capita value added, we realise that Britain is only around 12th in the international league tables, and suddenly the picture changes dramatically.

It is clear that if we are to rebalance our economy, much more must be done to push us up the rankings. That means providing support for all forms of manufacturing, rather than just the high-tech sectors that seem to be so fashionable at the moment. It has been calculated that those sectors make up only 14% of British manufacturing and it has been argued that the support for manufacturing should be based on value, not the complexity of the product. For example, the UK still produces basic metal turbine blades, but they are cut by some of the most precise machines on the planet. The product is simple but very high value, thanks to the advanced production process.

There is no question but that such a shift must take place. The financial crisis made most people aware that the UK cannot rely on the financial services trade surplus to prop up the industrial trade deficit. However, it is less well known that, according to the Office for National Statistics, even the financial sector's maximum export volume of £55 billion in 2008 was eclipsed by manufacturing's £195 billion of exports.

The problem is twofold. First, our manufacturing ability is only rivalled by our insatiable appetite for other people's goods. That has led to the latest trade in goods deficit of almost £100 billion—a new record. Secondly, Britain has grown complacent. Our manufacturing output has remained constant for the past 13 years under Labour, which is a reduction of £3.5 billion per annum in real terms.

Where did it all go wrong for UK industry? Contrary to popular assumptions, although some deindustrialisation did occur under Margaret Thatcher, the bulk of the factory closures came later. Indeed, when Labour took office in 1997, manufacturing comprised exactly a fifth of the UK economy. By 2007, it had declined to an eighth. In comparison, under the whole of the Thatcher Administration, the decline was 3.3%. The loss of our manufacturing capabilities is a very recent concern, which should fill us with a certain level of optimism.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): So far, the debate has been conducted on a reasonable cross-party basis. However, given the fact that the hon. Gentleman has made a political assertion, can I point out that in the black country, at least four huge manufacturing employers—Round Oak steelworks, Patent Shaft steelworks, Bean Cars and Cannon—were closed during the Thatcher era? That had a devastating impact on the level of employment in the black country.

Graham Evans: I am grateful for the hon. Gentleman's intervention. At the beginning of my speech, I made the point that all Governments of all political persuasions have contributed to the overall decline. I take on board the closures in his constituency. All Governments need to learn the lessons of the past, but that does not mean that we should underestimate the problem.

Let us consider energy-intensive manufacturing sectors, which include the chemical, steel, glass and paper production industries among others. The chemical industry is of particular importance in my constituency, where Tata and INEOS Chlor are still major employers in Northwich and Runcorn. According to Waters Wye Consulting, policies such as the EU's emissions trading scheme and the unilateral carbon price floor mean that the average energy-intensive company's energy bill will rise from £3 million now to £17 million in 2020—an untenable level for the majority of these firms, which simply cannot afford to continue production in the UK. Proponents of these policies argue that energy-intensive sectors account for only 1% of GDP and so do not matter. If we quantify that figure, it equates to a potential loss to the UK economy of £15 billion and 290,000 jobs. More widely, the Royal Society of Chemistry claims that £220 billion of GDP and 5.1 million jobs are partly reliant on UK chemical research alone. Clearly, the visible threat to UK manufacturing is only the tip of the iceberg, but the problem is that most people do not realise that.

British industrial decline, relatively speaking, is in sharp contrast to the experiences of our neighbours—in particular, Germany. German long-term support for manufacturing means that it now possesses the economic clout to dominate Europe. Given the UK's and Germany's widely different starting positions 60 years ago, it is clear that it has done something that we have not, and that something is valuing industry. From post-war restructuring to reunification, Germany has always recognised that manufacturing was the backbone of its economy and therefore never enacted policies that would endanger it. Indeed, political infrastructures were set up to nurture industry, especially mittelstand—or, as we refer to them, small and medium-sized companies or SMEs. Foremost among those tools stands KfW, the state-backed bank that ensures that mittelstand can access funding even when the commercial banks are unwilling to lend. The value of such an institution was seen in the financial crisis. According to its accounts, in 2010 KfW financed a record €28.5 billion for SMEs, amounting to approximately 94% of all its commitments for the year. Without KfW, the potential for many extra jobs and exports would have never been realised for Germany.

It is hard to understand how far the value of German industry goes. Youngsters are encouraged from an early age to appreciate the importance of making things.

Gavin Williamson (South Staffordshire) (Con): Does my hon. Friend agree that one of the key elements of Germany's success is its investment in research and development? We need to be encouraging that. Jaguar Land Rover is building a new factory in my constituency and investing in R and D, and the Government could go a long way towards helping that by reviewing R and D tax credits, which the Treasury is considering at the moment.

Graham Evans: I agree with my hon. Friend. We have a reputation for very good, world-beating research and development, but it goes beyond that—when we have discovered these things, we still have to ensure that we make them in this country.

The Germans try to ensure that their young people appreciate manufacturing. Eliciting such a response from British children, compared with their counterparts in Germany, is increasingly difficult as they grow up. Initial curiosity about industrial work might be dismissed as selling themselves short by parents and teachers, and by the time the most able leave school, university is the only option, with apprenticeships considered by some to be second rate. The closest many of the next generation get to manufacturing is printing off a computer document. Little wonder that youth unemployment hit 1 million last week; many do not have the skills needed by manufacturers, thus further encouraging those manufacturers to relocate their businesses elsewhere, to the increasing detriment of British growth. As I have repeatedly said in this Chamber, we need to educate our children in a manner that will enable them to become the engineers, scientists and entrepreneurs that this country needs to pay its way in the world.

With the average age of those in industrial employment at 40 and rising—50 in some sectors, such as chemicals—drastic action is required. British manufacturing is at a crossroads. It can grow, bringing jobs to those who need them and contributing to reducing the deficit, or it can decline further, with valuable businesses permanently lost. There is reason to believe that the former positive outcome is more likely if we commit to making it happen. The Government have made a strong start. That this debate is happening is hugely positive and shows that we recognise the seriousness of the problem. The solutions that we need involve major changes both culturally, in widening our appreciation for manufacturing, and practically, in creating a more positive environment for industry. Let us make it in Britain. Let us make Britain great again.

3.20 pm

Mr Pat McFadden (Wolverhampton South East) (Lab): I have taken part in a number of debates on this matter over the years, including as a Minister in the previous Government and as an Opposition spokesman after the election. Such debates often follow a similar pattern. Labour Members talk about the great wave of industrial closures that happened in the 1980s. We had a flavour of that a minute or two ago. Government Members are tempted to say that manufacturing declined as a proportion of GDP under the Labour Government. It all gets a bit familiar. Whatever the rights and wrongs of those arguments, they are united by two things. First, they tend to look in the rear-view mirror. Secondly, they take little account of the huge wave of globalisation and the enormous technological advances of the past 20 years.

Nobody can underestimate the importance to every developed economy, including ours, of the opening up of China as the factory of the world. To try to pin that on any single Government is to miss the point. No country is immune from its effects. Whatever product one makes, the chances are that it takes fewer people to make it today than it would have taken 20 years ago. It takes fewer people and fewer person hours to make a

[Mr Pat McFadden]

car today than it did 20 years ago. It is therefore not surprising that the number of people employed in these activities has declined.

It is good that this debate is focused on the future of manufacturing. We should avoid the rear-view mirror stuff that sometimes characterises these debates if we can. Any honest debate about the future of manufacturing has to begin by acknowledging the power and reach of globalisation and the power of technology, rather than pressing the rewind button or taking us on a nostalgic tour of the past.

Tony Cunningham: There is a company in my constituency called New Balance, which is the only running shoe manufacturer in the United Kingdom. It sells its running shoes to China. It does that because of the quality of the product. Is that not the way to compete?

Mr McFadden: That is a good example. I know that my hon. Friend is a keen runner. In my more conscientious days, I have also done some running. New Balance is an excellent product. He shows that globalisation is a two-way street, not a one-way street.

The emphasis on the past that sometimes characterises these debates can lead to an over-pessimistic discussion about decline and loss. Let us be honest: we make less than we used to, as is clearly shown by the figures. However, I also believe that we make more than we think and more than we sometimes give ourselves credit for. The point made by my hon. Friend the Member for Workington (Tony Cunningham) shows that, and there are other examples. We still make about 1.5 million cars a year, most of them for export. We have heard news today that Toyota has again chosen the UK as the base for a new model, which I understand will create up to 1,500 jobs. We also have a hugely successful pharmaceutical industry with a strong balance of trade surplus.

Although we had a debate earlier about British aerospace that centred on the loss of jobs, that sector as a whole is strong and is an important earner for us. Only this week, Goodrich, a company in the constituency of my hon. Friend the Member for Wolverhampton North East (Emma Reynolds), won a contract to maintain landing gear systems for the United States air force. That company has already taken on 200 people this year, and it aims to keep hiring in the period to come.

Valerie Vaz (Walsall South) (Lab): I thank my right hon. Friend for giving way and the hon. Member for Warwick and Leamington (Chris White) for securing the debate.

May I bring the House's attention to another success story, which is in my constituency? Chamberlin and Hill has actually won contracts back from China for making castings for turbo-charged engines.

Mr McFadden: My hon. Friend makes a very good point. Chamberlin and Hill is a company that I know well and a fine example of what the Germans would call a mittelstand—a medium-sized company—that is doing very well. What is its slogan? It is "Difficult things, done well", I think, and it does indeed do them extremely well.

As we heard a moment or two ago, we have all been delighted by the news that Jaguar Land Rover is to locate its new engine plant on the boundary of Wolverhampton in the constituency of the hon. Member for South Staffordshire (Gavin Williamson). That investment of more than £300 million will mean more than 1,700 new manufacturing jobs directly, but many more than that in the supply chain and indirectly in the wider economy. In a sense, Jaguar Land Rover is a microcosm of the story of globalisation. Its Indian owner, the Tata group, is investing heavily in new models that are being sold in a number of new markets, which are growing because there is a growing middle class keen to buy high-quality, prestige vehicles. That is also why it is hiring more workers in the constituency of the hon. Member for Solihull (Lorely Burt).

I use those few examples to illustrate that although there has been decline and closure over the years—in my constituency we saw more than our fair share, with the closures of Stewarts and Lloyds, Sankey's and many others some years ago—the story of manufacturing in the UK is not always one of decline and loss. We need to believe more in what we still make, and resolve to value more the activity of making things. In a short debate such as this, there is not much time to discuss the detailed policy prescriptions that might make that happen, but I should like to mention a few things that we could do to support manufacturing more.

First, as I have said, we can challenge the culture of decline and loss. As a country, we should resolve to be the best place in the world for engineering. That might not mean that we are the biggest manufacturing economy in the world, but we should resolve to be the best place for it. That resolve should be shared by Government, our universities and our top companies, and it should fire the imagination of the next generation about the huge benefits that creativity, innovation and making things can bring.

As we heard a few minutes ago, one positive step in that direction is the Queen Elizabeth prize for engineering, which has just been announced and which the Royal Academy of Engineering will oversee. The Royal Academy is right to emphasise that the benefits of engineering go way beyond pure manufacturing and contribute far more than we think to our wider economy. I personally believe that the boundaries between a rigid manufacturing sector and services are becoming outdated. Rolls-Royce, for example, talks about "manu-services" and about earning as much from maintaining and servicing products as from just making and delivering them. We need to do something about the national resolve on manufacturing.

Secondly, we have to get tax policy right. I want to heed the advice of my neighbour, my hon. Friend the Member for West Bromwich West (Mr Bailey), not to be too partisan, but I say gently that I cannot see how cutting investment allowances helps the Government's stated aim of rebalancing the economy, at a time when the life cycle of products is getting shorter. It is a £3 billion-a-year hit on manufacturing, to fund a corporation tax cut for banks and other businesses that do not always invest. It seems to me to run completely counter to Government rhetoric about supporting manufacturing. The Government should be making it easier for manufacturing companies to take investment decisions, not more expensive as that change to the tax system does.

Thirdly, we need an active industrial policy. We have become too defensive of the accusation that the Government should not pick winners. There is nothing wrong with a nation looking at the changes that are to come—be they for a low-carbon economy or a more digitally connected world—and resolving that the UK must have the capacity to make the most of them. The Government are a big market player. That should be a priority not only for the Department for Business, Innovation and Skills, but for the Ministry of Defence, the Department of Health, the Department for Education and many other Departments. All should think about their budgets and activities in terms of industry policy, but far too often, they do not do so. The Department for Business, Innovation and Skills should not be the only bit of the Government that thinks about business and industry—thinking about business must be done far more broadly across the board.

Finally, we ought to rethink our definition of making things. It is a touch old-fashioned in the digital age to think of making things only as making things that we can see or touch. Our country is a world leader in creative industries. The truth is that change has meant that people who might have become engineers or involved in manufacturing in the past are now making other things. Our TV formats are exported around the world; our football teams are watched around the world; the computer games that are developed and made in the UK are played around the world; and our musicians are listened to around the world. Everyone involved in those activities is also involved in making things, so our definitions have fallen behind the reality of the modern economy and what we as a nation are good at. Times have changed and creativity has been bent to new ends.

If we think about making things in that broader sense, we will throw into sharp relief the sense of loss and decline that can characterise such debates. My plea is therefore to think about making things in the broader sense. What we need in future is both belief and action to back that belief. If we have those, we can make many more things in that broader sense in times to come.

3.31 pm

Gordon Birtwistle (Burnley) (LD): I congratulate my colleagues who called for this debate and thank the Backbench Business Committee for accepting and giving us a lengthy amount of time for it at short notice.

The future of manufacturing products is inextricably linked to the future of manufacturing growth and wealth. If we have a strong manufacturing sector, we will have a strong economy that will create growth and prosperity for the country.

I have a personal interest in manufacturing. I left school at 15—I did not pass my 11-plus or get any GCSEs—and went to be a craft apprentice at a local company in Accrington that manufactured textile machinery. That was an enthralling event. I had to go to night school three nights a week until I was 25, where I secured two HNCs. Unfortunately, that does not happen any more, but young people go into manufacturing and get other types of education.

Mr Willetts: I should like to assure the hon. Gentleman that I meet young people who are doing HNCs and HNDs at their local colleges to be trained to work in British business, including in manufacturing. We should take pride in the fact that people still get those qualifications, which are valued and recognised. Indeed, part of the Department for Business, Innovation and Skills commitment is to continue to recognise those qualifications.

Gordon Birtwistle: I am grateful to the Minister for that assurance and I hope that that continues.

When I started in manufacturing some 53 years ago, manufacturing was 40% of the country's gross domestic product and a balance of payments surplus was delivered every month. What on earth would the Chancellor think of having a constant balance of payments surplus now rather than the negative position we have? As manufacturing was so big, lots of apprenticeships were available through local companies that delivered the products that the country needed. The unemployment rate for young people was very low. When I left school, I applied for many apprenticeships throughout Lancashire. Most young people with whom I went to school achieved an apprenticeship in some industry or other. The vast majority of people in those days did not go to university; many people would have liked to have gone, but they could not, so they spent their time being apprentices and learning skills in the old-fashioned way by making things and having a trade.

I do not want to make this political, but I have to point out that under the last Labour Government, manufacturing fell from 22% to 11%. Even Mrs Thatcher did not achieve such a drop—she only managed to get it from 25% to 21%. Manufacturing has a number of variables to overcome. They include how the industry is perceived by young people, the lack of skills, and the lack of investment and of research and development. One of the biggest challenges to manufacturers in my constituency is finding enough skilled workers to carry out the incredibly technical jobs that are available. More must be done to change the image of industry to make it attractive to young people. I know that those who undertake skilled apprenticeships will end up with great jobs working on interesting projects, earning decent salaries and probably with a job for life.

A lot of damage has been done over the past 10 years to the image of manufacturing and vocational courses. A priority for the Government and for our successful and well-known manufacturers is changing the perception of manufacturing, especially among the young. We have become a country relying on a fragile financial sector and on the service industries. If young people were asked what they thought manufacturing was, they would probably respond that it is dirty and grimy. That is not the case. We need to show young people that there is more to manufacturing—that it is about maths and science, about design and innovation, about robots and computers. Manufacturing and technology in the food industry, for example, are phenomenal. There are so many different areas in the manufacturing sector and they are all innovative and exciting sectors to work in.

Controlling the supply side of our skills deficit is but part of the problem. As important is ensuring that both new entrants and existing employees in manufacturing are sufficiently upskilled to meet the demands of British employers. The preparation work needs to begin in schools. We know, for example, that pupils who take three separate science subjects at GCSE are more likely to study science, technology, engineering and maths

[Gordon Birtwistle]

later in their educational careers. If we can tackle the problem at source, and improve the rigour of the subjects and the number of pupils studying them, it will have a cumulative impact on the calibre of graduates entering the job market.

Lorely Burt: Does my hon. Friend agree that a great way to get youngsters more excited and involved is to have closer collaboration between employers and schools, so that children can see what it is they aspire to do, and therefore choose to take the subjects to which he refers?

Gordon Birtwistle: I totally agree with my hon. Friend and I will come on to an initiative in my constituency related to that suggestion.

In my constituency we have Burnley college, a joint FE-HE campus working with local firms to train highly skilled youngsters to be ready for the world of work. We are also getting a university technical college that will bring young people into the industrial life. Burnley college has made huge leaps in changing the perception of manufacturing locally among young people, and if the model the college uses were introduced across the UK, it would go a huge way towards really changing the perception of manufacturing at a national level. More schools and colleges need to start joining up with local businesses to provide youngsters with the knowledge and experience that will help them in the world of work. Too many children do not have any experience of working, or of the personal and other skills required. I will continue to encourage the Government to introduce impartial careers advice from the age of 11. Indeed, we should start careers advice long before young people go to secondary school.

Graham Evans: Is the hon. Gentleman aware of the Manufacturing Institute's Make It campaign, which is specifically designed to enable young people in what used to be year 3—now year 9, I think—to experience as they take their options the delights of working in the manufacturing industry?

Gordon Birtwistle: Yes, I am aware of that, and it is a great thing. I encourage the Government to encourage such things, and we should also give careers advice to young people at 11.

Manufacturing must cease being perceived as a career avenue for low achievers, and the Government must work harder to ensure that perception and reality are closely matched. The culture in our schools must change, and the Government can help with that. There is so much emphasis on how many children can get to Oxbridge but there is never a fanfare about how many get on to high-skilled training programmes in the manufacturing industry, such as those with Rolls-Royce, BAE Systems or Aircelle in my constituency. Business must recognise that a new role is emerging, and UK manufacturing must ensure that it sells its career and employment possibilities to young people.

Trade finance also plays a huge role in the export cycle, but small and medium-sized enterprises often find raising the finance overly complex because of the myriad requirements on both financial institutions and Government agencies. The manufacturing industry in Burnley would like the Export Credits Guarantee Department to work more with financial institutions on initiatives to support exporters, particularly small businesses, many of which would love to export but find it difficult. For example, What More, an SME in my constituency that makes plastic buckets, washing-up bowls and lunch boxes that are sold widely in Tesco, is taking on the Chinese. The Chinese used to control that market but the company now exports to 38 countries, including China, and would like to export further afield. What More tells me that with an export credit guarantee it could export to another 25 countries. It employs 160 people and has invested £16 million over the past few years.

It is critical that the Government, as a big purchaser of manufactured goods, buy British-made goods. I was extremely disappointed by the decision on the Thameslink contract. I do not know how it happened. I was not a Member of Parliament during the consultation and quotation on the Thameslink trains but I was concerned that the contract was placed with Germany. I do not understand the European rules but I was extremely concerned. Importing trains when we make our own does not stack up. I am pretty sure that the Germans and the French do not import their trains. They seem to find a way around these rules to ensure that the same does not happen there. Furthermore, a £1 billion order for Chinook helicopters was sent direct to Boeing despite there being a helicopter company in this country with a licence to build Chinooks. That would have saved us £500 million on our balance of payments.

I have a couple of suggestions for the Minister. First, we should return the capital allowances scheme to enable companies to invest and get the capital allowances on the new equipment that they buy. There would be a massive investment in new plant and investment if the capital allowances were returned. Secondly, as my right hon. Friend the Member for Haltemprice and Howden (Mr Davis) said, tax rebates on research and development should be increased in line with the rest of the world and with what is needed in this country.

3.44 pm

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): My constituency borders that of my right hon. Friend the Member for Wolverhampton South East (Mr McFadden), so if my remarks echo his it is because of our shared experience of black country manufacturing and the challenges that it faces. My constituency, consisting of Oldbury, Tipton and Wednesbury, was at the heart of British metal-bashing for centuries. When Britain was the workshop of the world, the black country was the centre of that. It has a proud manufacturing tradition, and I am equally proud to say that, even given the hard times that the industry has gone through, there are still more foundries in my constituency than in any other in the country. The number of people employed in traditional manufacturing, while nothing like what it was, is still higher than in most areas of the country. My constituency is thus second to none in having an interest in the particular theme of this debate.

I know that many people, particularly within the black country business community, welcome the Government's rhetoric on boosting manufacturing, rebalancing the economy and securing export-led growth. I certainly share both the Government's and the local business community's enthusiasm for all of those. I think, however, that we need to measure this with a touch of realism.

My right hon. Friend the Member for Wolverhampton South East made it clear that although we might want to extol the virtues of manufacturing, we must not do that to the detriment of the contribution made by other sectors of the economy, particularly our creative industries, which are world leaders and provide a significant proportion of our national output and a large number of employees. This applies to our service industries as well. Although manufacturing might have declined relatively, that is partly because we have an expertise in the service industries that is recognised throughout the world and provides potentially exportable market opportunities.

Manufacturing has a crucially strategic role. Although it provides something in the region of only 11% of national output, it provides nearly 50% of our exports. If we are to export our way out of recession, the service industries might play a significant part, but we cannot overlook the potential of manufacturing industry. It contributes something like 74% of research and development. The more R and D there is, the more competitive we become: the two are crucially linked.

We must recognise that without having more R and D and without providing a higher value-added manufacturing base, we might not be able to generate the levels of employment that we have had historically in manufacturing. We might well pursue policies to help businesses expand manufacturing as a proportion of our national output, but that might not necessarily result in a huge increase in the number of people employed because as we become more competitive and productive, we might be using fewer and fewer people to achieve it. That can sometimes blur the distinction between manufacturing employment and service employment—hence the reference made by my right hon. Friend the Member for Wolverhampton South East to "manu-services". Increasingly, as our high value-added manufacturers export abroad, they follow it up with service contracts, which provide a lot of employment for people who are technically in a half-way house between servicing and manufacturing.

Mr Sheerman: I know that my hon. Friend, as Chairman of the Select Committee, has a great deal of knowledge on this subject. I wonder, however, whether we are avoiding the fact that Germany is also good at services and at design and many other things, yet it still has a manufacturing base that is twice as big as ours. That is why I keep coming back to "It's Germany, isn't it?" that we need to copy.

Mr Bailey: My hon. Friend is quite right—for a whole range of reasons that, unfortunately, time constraints prevent me from developing. Germany has a far stronger manufacturing base than we do, and a much stronger manufacturing culture throughout the country. I would like to discourse at length on that, but time constraints prevent me from doing so.

Notwithstanding the German experience, it is generally recognised that our expertise in some of the service industries may well give us greater export opportunities to countries such as China. Because of Germany's expertise in manufacturing, it has done very well in what we might term the first wave of exports to China, but we may do better now because of our superiority in some service industries.

David Morris (Morecambe and Lunesdale) (Con): I serve on the Science and Technology Committee and we recently examined how the Germans fund their new technology infrastructure. They have the Fraunhofer institutes, which have been running for more than 100 years. We are now trying to emulate that through the Turing centres. German manufacturing is good, but ours could be equally good, if not better.

Mr Bailey: That issue was recognised by the previous Government, and measures were being put in place to replicate that approach in the context of the British industrial scene. The current Government are, to their credit, taking that up.

Bank lending is a hugely significant issue for small and medium-sized enterprises in my constituency and nationally. The Merlin targets are not being met. That, combined with low consumer confidence and low business expansion expectations on the basis of the domestic market, means that companies are not applying for loans because they do not feel positive about future market opportunities and because they are wary of the banks making their credit lines even more difficult than they already are. That is having a stultifying effect on the ability of small businesses to expand.

Quantitative easing in order to address that issue may, indeed, keep interest rates low, but I have yet to meet a bank that knows how that will help SMEs directly, and I have yet to meet a business that knows how it would make any difference to its relationship with its local bank. Although lower interest rates may be welcome in general, that will not necessarily feed through to more investment in small businesses. I am concerned that the effect low interest rates are having on pension fund incomes could lead to some manufacturing businesses having to pay more into their pension funds, thereby diverting money from other areas in order to sustain their pension levels. This could be a counter-productive step, therefore.

There is now a lack of provision in the crucial area of small grants and loans for small businesses that want to expand to take the market opportunities that will be available to them. The regional development agencies will not be reintroduced—that is a debate for another day—but they did provide small loans to businesses that wanted to expand. Those loans are gone now, and they are not being replaced by the banks. The regional growth fund is not yet delivering for small businesses. If we are to expand the capacity of manufacturing SMEs in the time that they have available to make an impact on employment, that vacuum needs to be filled. Either local enterprise partnerships must be given more powers or the RGF needs quicker and more localised means of distributing money.

Guy Opperman: Will the hon. Gentleman give way?

Mr Bailey: No; I am sorry, but I am running out of time.

I reiterate the points made about research and development tax credits and capital allowances—they might go some way to dealing with that problem. As they have been mentioned, I will not repeat the discussion of the issue.

[Mr Bailey]

The second issue to address is skills. As has been said, Tata has invested £300 million in Jaguar Land Rover in a site to the north of Wolverhampton, with enormous employment potential locally. The concern within the industry is that the extended supply chains of small and medium-sized enterprises that could service JLR may have a shortage of skilled apprentices, and I have already mentioned the potential need for capital investment to improve the capacity to meet the demand from JLR. I have no doubt that JLR will attract all the people it needs, because it is a high-paying iconic company that is very attractive to everybody. It will be the SMEs in the area that will need to recruit, and we need to expand our vocational skills base to ensure that that happens.

The Government have rightly concentrated on apprenticeships. However, there is emerging a picture of apprenticeship provision that will not necessarily address that need. First, a high proportion of the new apprentices are over 24, and there is considerable concern that these are just Train to Gain people rebadged. There is nothing wrong with Train to Gain, because it has an important role to play, but it will not necessarily meet the skills need that it is directed at. Secondly, there is increasing evidence of private providers coming in with short-term courses, which do not meet the historically longer-term need for training in a particular industry to meet capacity. I believe that the black country local enterprise partnership is examining the issue to try to scope out the skills provision that will be needed and ensure that it is provided. That LEP will be able to its job far more effectively if the Government were prepared to back their localism agenda by providing it with the resources to assess the skills need and to deliver on it locally.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. I am keen to make sure that every Member who has indicated a wish to speak in this debate—

Chris White (Warwick and Leamington) (Con) *rose—*

Madam Deputy Speaker (Dawn Primarolo): You may sit down, Mr White, as I will not forget you and you do need to know this before you start speaking. I am going to change the time limit, because if we have 10-minute speeches, we will not get everybody in. I am therefore reducing the time limit to eight minutes per Back Bencher from you onwards, Mr White. However, you have the great joy of being called next, so the Floor is yours.

3.57 pm

Chris White (Warwick and Leamington) (Con): Thank you very much for that warning, Madam Deputy Speaker.

May I, too, start by thanking the Backbench Business Committee for securing time for this important debate? As co-chair of the Associate Parliamentary Manufacturing Group, alongside my friend the hon. Member for Huddersfield (Mr Sheerman), I have a particular interest in this area of policy. I was pleased to hear from earlier speakers who were able to bring their own experience to this debate, for example, my hon. Friend the Member for Hexham (Guy Opperman) and the hon. Member for Burnley (Gordon Birtwistle). I am also pleased that Westminster is being visited today by the leader of my local district council, who also has a background in manufacturing industry. Perhaps it would not hurt too much if more Members of Parliament had a background or personal experience in manufacturing, engineering or industry itself.

If we do not secure both a rebalancing of our economy towards manufacturing and growth in the sector, the UK will be very much the weaker, not least in my constituency, which is home to names such as Ford. Things have changed very much over time. My area has one major manufacturing works; the reason why we no longer have soot on our food is because Flavel, which won an award at the Great Exhibition, managed to change that by an innovative process and, to this day, the factory is still producing cookers in my constituency.

As the right hon. Member for Wolverhampton South East (Mr McFadden) said, we need to look forward. What does a prosperous manufacturing sector need? It needs a large skills base, a strong communications network, a focus on exports and the opening up of new markets. There has been progress on the first point. In Warwick and Leamington, we have 210 additional apprenticeships compared with last year. Great thanks must go to places such as Warwickshire college for managing to secure that.

Young people need to be encouraged to make a positive choice to take up careers in manufacturing. As the hon. Member for Huddersfield said, if that is to happen, design and technology must play a much greater part in our schools. We need to build on it through our entire education system. We cannot just wait until young people are 16 before they begin thinking about careers in the sector—it should thread right through our education system.

We cannot afford to fall behind other countries in this vital area. We should be under no illusion: competitors like China and India will be doing more, not less, to educate their young people in those subjects. The national curriculum is under review and I hope that the Department for Education will consider the importance of design and technology for the future of our economy and work with organisations such as the Design and Technology Association to ensure that D and T remains at the heart of the curriculum.

I believe that if we are to see long-term progress for manufacturing, we need the Government to be at one with the sector as a whole. Given the importance of manufacturing to our economic future, it makes sense that, as has been mentioned, the Government should create a dedicated Minister for manufacturing, and I would support the creation of such a Minister.

Mr Sheerman: Does the hon. Gentleman agree that if that Minister for manufacturing was linked to a clear long-term strategy for manufacturing, that would be even better?

Chris White: I very much agree. A Minister and a strategy could go hand in hand.

We need a strategic vision for manufacturing, with measurable targets of success so that we can see how our efforts at rebalancing our economy make headway and whether more needs to be done to help the sector. A Minister for manufacturing, tasked with creating a

cross-departmental manufacturing strategy with targets and measurement tools to plot success or failure, would be a good start.

The Government, for example, could make it their goal to boost manufacturing to 15% of our GDP by 2015. This "15 by 15" target would send a powerful signal and boost confidence in the manufacturing sector as a whole. The mere creation of a Minister and a strategy will not bring about growth and jobs, but it will signal the Government's intent, give manufacturers a voice in the decisions on economic policy, better co-ordinate Government manufacturing policy and ensure that manufacturing is properly considered across all Departments.

The UK is now the ninth biggest manufacturer in the world, unfortunately down two places on the previous year. We need to recognise that although we need to promote high-tech manufacturing we cannot ignore the rest of the industry. To quote a recent report,

"'low-tech' does not mean 'low-value'".

A Minister with responsibility for all manufacturing could ensure that it was not ignored and that we had a strategy in place that benefited all manufacturers.

If we are to remain at the forefront of manufacturing globally, businesses need to be able to access the funds that they need to compete and grow. I therefore also support the creation of a bank for industry, similar, perhaps, to the green investment bank. We should not be content to allow Britain to slip down the league any further and we should make it our goal to climb back to the top of the table.

4.4 pm

Nick Smith (Blaenau Gwent) (Lab): All too often, the issue of defence management is sidelined, so it is good that we discussed BAE Systems earlier. I see this debate as an opportunity to emphasise the importance of defence manufacturing and procurement, which a colleague mentioned earlier.

I have been lucky enough to be a member of the Public Accounts Committee for the past 18 months, during which time we have focused partly on questioning top Ministry of Defence officials, making defence one of our Committee's themes and, crucially, visiting our country's manufacturing base by going to Govan in Glasgow and Rosyth in Edinburgh where our new Queen Elizabeth-class aircraft carriers are being built. In doing that work, we have considered a number of instances in which the MOD has not secured value for money in procurement. I raise those instances today because I think they undermine our manufacturing capability and make the work of our armed forces much more dangerous.

As a country, our priority should be to provide our troops with the equipment they need for the best possible value for money. Having a sustainable skills base is vital for that. In Britain, we have a thriving defence manufacturing industry, as I saw for myself at this year's Defence and Security Equipment International exhibition. We have skilled engineers and fantastic research and development skills. Under the Labour Government, firms such as BAE had the opportunity to invest as the defence budget increased by 10% in real terms. The defence industry provides valuable exports for our country, as well as important skilled jobs. Having the latest technology can also be valuable as it gives our troops an edge on the battlefield.

What are the key figures? Defence spending has been cut, meaning we have £2.63 billion less to spend on our military over a five-year period. This leaves 7,000 fewer members of our armed forces needing armour, four fewer frigates to equip and 40% fewer Challenger tanks to arm. As a result, we cannot afford to sustain our domestic capability to produce the kit we need. Last year's strategic defence and security review was criticised by the Select Committees on Defence and on Public Administration. It was seen as a tug of war between the Ministry of Defence and the Treasury.

Cost-effectiveness is important. Initially it was hoped that the decision to change the type of aircraft flown from the new aircraft carriers would save money. However, it has resulted in a multi-billion pound refit for the carriers because catapult and trap technology have to be added. That type of indecision can rapidly increase costs for manufacturers and, ultimately, for taxpayers. It also means that we will not have carrier capability until 2020 and that the carriers will not be fully operational until 2030.

The best way to ensure value for money in procurement is by ensuring there is genuine competition in the tendering process. One way in which the MOD has discouraged competition is by gold-plating its procurement plans. Yes, our soldiers should have the best equipment, but that can lead to delays and leave our soldiers without the kit they need for a very long time. Competition is key in achieving value for money in defence manufacturing. Competitive tendering has been the Government's aim, but National Audit Office figures show that fewer than 20% of the current major projects nearing their service date were awarded through genuine competition. Some 40% of contracts, representing £8.7 billion a year—these are big numbers—have been awarded by single-source procurement, under which the MOD invites only one firm to tender. There is a danger that by excluding firms from the tendering process we are reducing our skills base and our capacity to produce certain equipment in the long term as firms build up monopoly status.

In conclusion, the best way for us to maintain domestic manufacturing capability is to have a number of firms with the ability to produce the equipment we need. That would protect more jobs throughout the industry, enable us to achieve better value for money and provide an incentive for firms to produce good-quality equipment on time. The point about being on time is particularly important. In future, both Government and industry must work to ensure that we have sustainability in our domestic defence manufacturing industry. Then we will better protect and arm our brave servicemen and women.

4.9 pm

Andrew Stephenson (Pendle) (Con): I am delighted to contribute to the debate and I pay tribute to the hon. Members who helped to secure it. Some very interesting points have been made. I have already spoken to my hon. Friend the Member for Hexham (Guy Opperman) about individuals' being able to set up their own bank, and I know that we have constituents who share the desire to diversify lending to small and medium-sized enterprises in this country. The debate has already been very productive.

In my maiden speech, I said:

"I am proud to represent a seat with a higher proportion of the work force employed in manufacturing that than in any other

[Andrew Stephenson]

constituency in England, and I am delighted that manufacturing is back on the national agenda."—[*Official Report*, 17 June 2010; Vol. 511, c. 1108.]

In the short time that I have today, I should like to consider what has been achieved in the 17 months since I made that speech and what more can be done to support manufacturers, particularly in Pendle and east Lancashire.

A couple of weeks ago, I was delighted to attend the *Lancashire Telegraph* business awards. It was a night that helped to highlight the best of manufacturing and engineering in east Lancashire, when the prestigious business of the year award passed from one Barrowford-based company, ACDC Lighting, to another, Merc Engineering, both of which are located in my constituency. I have visited those companies, which are both tremendous examples of fast-growing smaller firms that are constantly innovating, winning new orders and expanding their operations.

In Pendle, those companies are not the exception to an otherwise gloomy manufacturing picture. There are other businesses, such as Protec in Nelson, which has just installed all the fire alarm systems for the Olympic games stadium and venues; Hope Technology in Barnoldswick, which produces top-of-the-range components for bikes used by the best cyclists; and Kirk Environmental in Nelson, which is a leader in green technology. I have enjoyed visiting all those local manufacturers, as such businesses drive the local economy and will get the British economy out of the state it is currently in.

As Pendle's MP, my No. 1 priority is jobs and supporting our local manufacturers. As someone who ran my own small business until I was elected to the House, I understand the pressures that companies are under in these tough economic times. Last autumn, the Government launched the £1.4 billion regional growth fund, which has directed investment towards many manufacturers in Lancashire and the north of England. Particularly important to Pendle is the £8.8 million to reopen the Todmorden curve—a transport improvement that residents of east Lancashire have been calling for for more than 40 years.

The Government have also agreed to fund the Regenerate Pennine Lancashire bid for an additional £7.5 million in business support. Its Accelerating Business Growth in Lancashire scheme is designed to meet the needs of local manufacturing SMEs by offering them capital investment for expansion projects, including premises, plant and machinery. There was a successful bid from North West Aerospace Alliance, which I shall meet again in a few weeks' time.

Those regional growth fund announcements came just two weeks after the Government said that they would back the bid from the Visions Learning Trust to open a new £18 million university technical college in east Lancashire—a huge investment in ensuring that our young people have the skills that employers are looking for. That is great news on top of new figures showing that 810 people have taken up apprenticeships in Pendle in the past 12 months—a 70% increase on the number in the last academic year and a bigger proportional increase than in either the north-west or the rest of England.

All this comes on top of policies such as cutting corporation tax and red tape for manufacturers, promoting exports and getting the banks to lend more money, but there are some areas where I believe that Ministers could perhaps go further, a crucial one being support for the aerospace sector. I am delighted to have just been elected as treasurer of the new all-party parliamentary group on aerospace. Aerospace is crucial to Pendle's manufacturing base. The UK aerospace industry is the second largest in the world. It is worth more than £23 billion and employs thousands of people in Pendle in highly skilled jobs, working for firms such as Rolls-Royce, Euravia or Weston EU. That sector of the economy is vital to Pendle and growing in terms of orders and jobs, but the long-term future of the aerospace industry in the UK cannot be secured without a long-term commitment to research and development. Ministers are already working closely with trade organisations such as ADS on the issue. I hope that the Minister will propose specific policies to help the aerospace sector.

Another issue that I should like to discuss is empty property rate relief—a problem that, of course, stems from the previous Government's reforms. It has been raised with me time and again by manufacturers in my area. John Getty, the managing director of PDS Engineering and the president of the East Lancashire chamber of commerce, recently singled this out as the biggest concern to many local businessmen. In east Lancashire, industrial unit after industrial unit has been pulled down because owners simply cannot afford the rates on old mills and buildings. The effect, when some of the small and medium-sized enterprises that I mentioned look to expand, is that there will be nowhere left for them to do so. I have written to Ministers on the issue many times. I appreciate that the Government have prioritised rate relief for small businesses for the time being, and that benefits more than 1,000 small businesses in a constituency such as mine. However, on behalf of the east Lancashire manufacturing community, I ask that the issue of empty property rates be looked at again in the near future.

In conclusion, with the exception of the two key issues that I mentioned, the Government have, over the past 18 months, made huge progress in supporting manufacturing, through their approach to investment in infrastructure, grant funding, taxation policy, skills and apprenticeships. Solid foundations for our economic recovery are being laid.

4.15 pm

Chris Williamson (Derby North) (Lab): I congratulate and thank the hon. Members for Hexham (Guy Opperman), for Warwick and Leamington (Chris White), and for Burnley (Gordon Birtwistle) and my hon. Friend the Member for Huddersfield (Mr Sheerman) for securing the debate. I have been greatly encouraged by the quality of the debate and the consensus across the Chamber. It gives me some hope that manufacturing does have a future after all.

This country has a wonderful manufacturing heritage, and the constituency that I represent in Derby was the cradle of the industrial revolution. It is home to the world's first factory, and to Rolls-Royce and Bombardier—the railway industry has a great heritage there. Just outside the city there is Toyota, which is one of the biggest, if not the biggest, car manufacturer in the UK today. We have a great manufacturing base, a great heritage, and a great reputation in this country, and particularly in Derby, for high-tech manufacturing skills. Promoting manufacturing as an occupation of first

choice for our young people is key. We need to do more to encourage young people with skills to go into manufacturing rather than the service sector or finance, as they have done.

I was encouraged by the Prime Minister's commitment to rebalancing the economy in favour of manufacturing industry, and was particularly pleased when he brought his Cabinet to Derby to emphasise that commitment, but there was a rebalancing of the economy in the 1980s. The Government of the day turned their back on manufacturing to some extent and used financial services—the big bang in the City—as an alternative engine of economic growth. We were fixated on the financial services industry for far too long, and when the crash came we were overexposed as a consequence.

The Government have recognised, perhaps rather belatedly, the importance of manufacturing, and it is important that they demonstrate their commitment to it. I reiterate a good point made by the hon. Member for Pendle (Andrew Stephenson), who is the new treasurer of the all-party group on aerospace—I am its newly elected secretary, so we are certainly singing from the same hymn-sheet on that issue—about research and development. As the autumn statement approaches, it is absolutely key that the Chancellor seizes the opportunity to demonstrate the Government's commitment to manufacturing and aerospace.

The UK is the second biggest aerospace centre in the world. If we are to retain that position, the Government need to demonstrate their commitment to aerospace through investment in, and support for, research and development. Although Rolls-Royce has its roots in Derby and is the city's largest employer—indeed, in the past 12 months it has recruited 900 additional members of staff, which is extremely welcome news—it is, in the end, a global company, and has factories in all four corners of the world. We must not be complacent, and I reiterate the point made by the hon. Member for Pendle on research and development.

The other thing the Government must get right is procurement. I cannot contribute to a debate such as this without mentioning the Government's decision to appoint a German company as the preferred bidder to build the Thameslink rolling stock, rather than Bombardier. It is not too late to revisit the decision, as they are only at the preferred bidder stage and, despite Minsters' protestations to the contrary, the invitation to tender documentation gives the Secretary of State the opportunity to stop the process and retender. There is no reason why the retendering process would take two to three years, as he has suggested, because the procurement of new trains before and after privatisation was carried out in just six months.

I urge the Government to reconsider their decision, even at this late stage, because although smaller contracts will hopefully come Bombardier's way, such as those for Southern trains and the eVoyager carriages, we could still lose the ability to design trains in Derby, and if we lose that we lose the ability to design trains in the United Kingdom as a whole. Winning those two smaller contracts might put off the day when Bombardier pulls out of the UK, but it might not secure the train-building industry long into the future. It is absolutely key that the country that gave the world the railways continues to be able to build the trains that run on British railway lines.

Hon. Members on both sides of the Chamber, myself included, have mentioned globalisation. Globalisation can be a threat or, as I prefer to see it, an opportunity. We need to seize the opportunities presented by growing markets in China, India, Brazil and other parts of the world. Although we should not seek to compete on low wages, we should seek to be ahead of the game when it comes to the high-tech skills that this country has in abundance. We must nurture those skills and invest in them through research and development and investment in education, by encouraging young people to go into manufacturing and by looking not only at the opportunities available through support for our railways, aerospace and other existing industries, but at climate change as another opportunity. Engineering skills could be the salvation for tackling climate change and creating huge new employment opportunities in our country through geo-engineering solutions, which are being spearheaded by the Institution of Mechanical Engineers.

I am fairly optimistic and delighted at the cross-party support we have seen today. I hope that Government Members will use their influence to persuade the Government to invest in research and development and reconsider their decision on the Thameslink rolling stock programme.

4.23 pm

Jessica Lee (Erewash) (Con): I am delighted to participate in this extremely important debate and thank the hon. Members and colleagues who secured it. I also thank my hon. Friend the Member for Hexham (Guy Opperman) for his fine opening speech.

The constituency of Erewash, which I have the honour of representing, is in the heart of the east midlands manufacturing base. The east midlands has the highest employment level in manufacturing in the United Kingdom. We have been manufacturing products in Erewash for over 300 years. It is the base for one in five of the 2,400 firms in my constituency. To put it another way, 30% of the jobs in Erewash rely on the manufacturing sector.

The range of products is also diverse, and it has developed as the technology has changed over the years. We have made everything in Erewash, from pencils to lace and drainage covers to railway carriages—the list goes on. Indeed, the town's contribution to manufacturing has continued in peacetime and wartime. At the Stanton Gate works, 873,500 bomb casings were produced during world war two, and my late grandfather, who grew up and worked in nearby Nottingham, was an engineer on the local railways all his life and one of the many engineers asked to help in factories throughout the war, producing, making and helping us to win world war two.

One industry with a proud legacy in Erewash, especially in the town of Long Eaton, is furniture making. In recent years, there has been a resurgence in the trend for Union Jack-themed home accessories and furniture, and I confess that in the Lee household the occasional Union Jack cushion has appeared from time to time, but to me it is a great symbol, because it shows that we support British products and furniture makers, such as Meadowmead in Long Eaton. I am an active member of the all-party group on the furniture industry, and I will continue to do all I can to support the industry.

[Jessica Lee]

High-tech engineering and educational suppliers are also successful. We have companies such as TecQuipment, which provides sophisticated engineering training products that are then exported to universities around the globe. We also have Atlas Composites, whose carbon composites are used by top companies, also around the globe.

Being located between Derby and Nottingham, Erewash is a significant supplier to larger companies such as Rolls-Royce and Bombardier, and I note the comments of my hon. Friend the Member for Pendle (Andrew Stephenson) and am delighted to hear about the recently formed all-party group on aerospace. If an application form is sent to me, I shall happily join that group, as it is important.

Through the Industry and Parliament Trust, several MPs recently visited Rolls-Royce. It is an extraordinary site, and I encourage all Members to go. The hon. Member for Hartlepool (Mr Wright), who is seated on the Opposition Front Bench, also attended, and that day everybody was completely mesmerised and impressed by the company's workmanship, expertise and groundbreaking work.

Indeed, Rolls-Royce is responsible for 2% of the nation's GDP, and through its encouragement of apprenticeships and its employment, in particular, of skilled graduates from around the globe it has created a fantastic working environment. For the overwhelming majority of employees, once they start working for Rolls-Royce they simply do not want to work anywhere else, a fact that is reflected in the small number of people who ever leave.

The lace industry has also been important in Erewash, and I have spoken about it several times in the House, but I cannot let this opportunity go by without mentioning again Cluny Lace in Ilkeston, the last traditional lace manufacturer in the country. That company made part of the lace on the Duchess of Cambridge's wedding dress, and we were honoured and delighted to participate in that great day.

I agree with the hon. Member for Derby North (Chris Williamson) that a debate about this topic could not really pass without local MPs mentioning Bombardier. Supply-chain firms in Erewash will be particularly affected by the decision, but we are all agreed in the House, and I am pleased that the Government take the view, that we must review the procurement rules that the previous Government put in place and ensure that we make the best for this country of the procurement process.

I think that I am the first woman MP to participate substantially in the debate, so I should not let this opportunity pass without mentioning women and encouraging them to go into manufacturing and engineering. I have been working with a school in Erewash, and we are looking to set up a scheme. We are going to have an open day, involving as many schools as possible, to show young women and girls currently at school why careers in manufacturing and engineering can be exciting for them—and the wealth of opportunities and interesting careers that they might not have considered.

I was delighted by the Government's recent announcement of 5,000 new mentors to encourage women entrepreneurs. The scheme should include manufacturing as well, and I look forward to seeing how it develops.

In conclusion, I particularly welcome one other Government proposal: the "Make it in Great Britain" exhibition, which will take place at the Science Museum next year. We need to do all that we can to showcase what we make in Britain and see what we do best. I will be doing all that I can to take schoolchildren from my constituency to visit that exhibition.

We are united in the House about improving manufacturing. The Government have made a good start, but there is much to do. We must celebrate what we do best, talk up the whole of manufacturing in this country and build on those successes to create strong foundations for the future.

4.30 pm

The Minister for Universities and Science (Mr David Willetts): It gives me great pleasure to respond to the debate. I congratulate the hon. Members who tabled and secured the debate: my hon. Friend the Member for Hexham (Guy Opperman) who began with an excellent speech, my hon. Friend the Member for Warwick and Leamington (Chris White) and the hon. Members for Huddersfield (Mr Sheerman) and for Burnley (Gordon Birtwistle).

This is a very important debate, and I welcome the fact there has been very little partisanship. There have been a lot of shared themes, which I hope to touch on in my remarks. Perhaps the main difference is almost a temperamental one, between the people who take a more optimistic view and those who take a more pessimistic view. I am certainly with the optimists. We can be proud of the revival in our manufacturing sector that is already under way.

Instead of drawing attention to the overall statistics, perhaps I can reflect on the announcements that we have had this week, which tell us what is going on. Today, the Prime Minister has been able to welcome Toyota's plans to build its new generation family-sized hatchback at its UK factory in Burnaston near Derby during his visit there. That investment of £100 million will secure many jobs. In addition, Airbus has today announced 200 extra engineering jobs at Feltham, and Nestlé has announced a £110 million investment at its Tutbury plant, which will involve 300 extra jobs. Those are today's announcements. Yesterday, Coca-Cola announced a £50 million investment in a new bottling facility at Wakefield and other investments as well.

If one considers the build-up of announcements, there is clearly the sense that a revival is under way in our manufacturing industry. It has been very encouraging to hear from hon. Members on both sides of the House about the strong support that there is for manufacturing. There is a recognition that the future of our economy must include manufacturing, just as our proud history has manufacturing at its heart.

My hon. Friend the Member for Hexham made an excellent opening speech, and I shall briefly respond to two themes that he touched on, particularly as they were picked up by other hon. Members. He called for there to be a Minister for manufacturing. Let me make the role of the Minister of State, Department for Business, Innovation and Skills, my hon. Friend the Member for Hertford and Stortford (Mr Prisk), clear. Incidentally, he is not here to respond to the debate because Ministers are fanning out across the country today as a result of

all the excellent news on manufacturing. The Prime Minister is in one part of the country, my hon. Friend the Member for Hertford and Stortford is elsewhere and, of course, the Secretary of State is somewhere else.

My hon. Friend the Member for Hertford and Stortford, who deals with business and enterprise, has the following responsibilities: aerospace, the defence sectors, the automotive sector, professional and business services and the delivery of the advanced manufacturing growth review. In addition, he is the architect of our next manufacturing summit in Bristol, and he has overall responsibility for manufacturing and materials. Although he does not have the word "manufacturing" in his ministerial title, he is for all practical purposes our Minister for manufacturing. Several Members have asked: who is the go-to Minister? He is the go-to Minister for manufacturing and he does an excellent job. Of course, the Secretary of State also has a clear personal commitment to manufacturing. My view, therefore, is that there is a key Minister in the Government with that responsibility and a Secretary of State with very strong personal commitment to the subject. We are all, as Ministers in BIS, working on this and trying to contribute in our different ways and with our different responsibilities, whether they be for universities, research, science, high tech, skills or apprenticeships.

A second question put by my hon. Friend the Member for Hexham concerned access to bank finance. That subject is raised regularly in the House, as I often notice in BIS questions. His particular point, which has been pursued by several Members on both sides of the House, is about whether we can do more to enable new banks, especially new small banks, to set up. One of the key recommendations in the report by the Independent Commission on Banking was that we should look at barriers to entry, which are too high. It should be easier for new entrants to come in and set up banks, and we are now pursuing that recommendation. There has already been a round table meeting with challenger banks—the banks that want to come in and do more. The Chancellor himself touched on the subject in a major speech on the subject on 3 October.

Given my responsibilities for research, high tech and science, I have been frustrated by the time it has taken to establish Silicon Valley bank, which originates, as its name implies, in silicon valley and is a specialist in venture debt that lends to start-up businesses at early stages. I was told that it took it a year just to assemble the paperwork that was necessary for the Financial Services Authority approvals process, and another year for the FSA to consider that paperwork. We in BIS, and the Government as a whole, with the Treasury in the lead, are absolutely persuaded by the argument that we need to think about whether we have ended up with a system that has barriers to entry that are too high. That is why we are looking to see how we can pursue the recommendations of the Independent Commission on Banking.

Guy Opperman: Would the Minister be interested in facilitating a meeting with the FSA and the Treasury? While I have no doubt that BIS may be fascinated by the idea of local banks and better business banking, the Treasury and the FSA seem a little more reluctant to oil the wheels, if that is the right term.

Mr Willetts: Perhaps such a meeting could be arranged through BIS or the Treasury. Lowering barriers to entry is one way of ensuring that a market is dynamic, that new entrants can come in and that innovation happens, and that is as true in banking as it is in the rest of the economy. My hon. Friend's suggestion of a meeting is very welcome.

We heard a range of excellent speeches. I congratulate the hon. Member for Huddersfield on his contribution and welcome his support for Huddersfield university. Although my hon. Friend the Member for Weaver Vale (Graham Evans) is no longer in his seat, I pay tribute to the excellent work that he has done in support of Daresbury, which I have been happy to visit with him. It is a crucial R and D centre for the future where we are committed to strong investment and which has enterprise zone status. We heard from the right hon. Member for Wolverhampton South East (Mr McFadden)—

Mr Sheerman: The Minister said that we have a Minister for manufacturing; we will have to think about that, because some of us were not convinced. Two themes that have come out of the debate—I am sure that the Minister will get round to them—are the need for a long-term strategy for manufacturing and the role of Made by Britain. Does he endorse Made by Britain, and does he think that all Members of Parliament should find a fine design or product in their constituency? We are over halfway there, so will he support our going even further?

Mr Willetts: The hon. Gentleman says that he is not convinced. I think that if the Minister of State, Department for Business, Innovation and Skills, my hon. Friend the Member for Hertford and Stortford, who has responsibility for business and enterprise, were here, he might have shed a quiet tear at that, because there he is, doing all this work in the Government and being responsible for all these sectors, including manufacturing and delivering the advanced manufacturing growth review. There are arguments about the titles that people should have, but the reality is that he does an enormous amount for manufacturing.

On strategy, if the hon. Gentleman looks at the growth review that we published with the Budget, he will see that there was a range of specific commitments, ranging from our advanced manufacturing review to commitments across a host of manufacturing sectors. We are doing further work on the future of manufacturing through the foresight exercise that my right hon. Friend the Secretary of State is leading. Manufacturing was a crucial strand of the growth review and there is now a forward-looking exercise in the foresight framework.

I will briefly take the House through some of the things that we are doing to strengthen manufacturing, which as I said were covered in the Government's "The Plan for Growth". Lowering business taxes is fundamental. That is why we are planning to cut corporation tax year on year. Although some people have criticised our decisions on the structure of corporation tax, it is worth remembering that we have legislated to extend the capital allowances and short-life assets scheme for plant and machinery from four years to eight years to improve the tax incentives.

[Mr Willetts]

We are also backing innovation. Several Members from both sides of the House have referred to the importance of the research and development base. I am particularly pleased that we have been able to draw on the lessons from Germany, which has been referred to favourably on both sides of the House, and to learn from its Fraunhofer institutes. Those were a model for the technology innovation centres that we are setting up with £200 million, even in these tough times. We have already identified some of those centres, notably in advanced manufacturing. Indeed, my right hon. Friend the Secretary of State is opening the National Composites Centre in Bristol today. That is the new home of world-class innovation in the design and manufacture of composites. We have also announced that there will be technology innovation centres in cell therapies and offshore renewables, and that there are more to come. We are trying to plug the gap between the pure research in universities and the commercialisation for which individual companies are responsible—the so-called valley of death. The technology innovation centres are one way in which we can plug that gap.

We are also committed to improving our performance on exporting. That is why we launched the national export challenge, a series of initiatives to help SMEs take the first steps to break into new markets. Currently, only one in five companies in Britain export. We want to increase that to one in four. That means reaching out to mittelstand businesses, or SMEs, that have not thought about exporting. That is why we have set UK Trade & Investment the target of doubling its client base to 50,000 businesses in the next three years.

Dr Thérèse Coffey (Suffolk Coastal) (Con): I have heard a lot of compliments about UKTI. However, when I met my local enterprise partnership earlier this week, the concern was expressed that UKTI reacts to requests, perhaps from bigger companies, rather than having a proactive strategy. Do you have any thoughts on how that might change?

Mr Willetts: In the absence of Madam Deputy Speaker responding to that challenge, I will. The Prime Minister urges all of us in his Government to be as proactive as possible whenever we go abroad, ensuring that we are properly equipped with a sense of the key business opportunities that are relevant to the particular mission that we are on. We have asked UKTI to set out what we call a high-value opportunities programme to identify really big projects around the world where there are opportunities for British companies and suppliers to invest and provide. We are systematically reviewing the high-value opportunities provided by large-scale projects around the world, which we believe British companies can take advantage of by going out and battling for contracts. We are improving the tax system, we are backing R and D and innovation and we are committed to improving our performance on exports.

David Mowat (Warrington South) (Con): I have been listening carefully to the Minister's points about how his Department is helping parts of the manufacturing sector. Many manufacturers tell me that the big issue for them is differential energy prices. Can he assure the House that his Department is on top of that issue, and that we will not lose process manufacturing in particular to countries such as France and Germany, and of course to the far east, due to high electricity prices and high energy prices in general?

Mr Willetts: I can assure my hon. Friend that the Department is very well aware of the particular pressures facing energy-intensive industries, and we are considering them very carefully.

Mr Sheerman: The Minister has mentioned tax twice. When I talk to manufacturers and people in the business sector, they ask why the Government want a blanket cut in corporation tax rather than something that would actually give a tax break to innovators and entrepreneurs.

Mr Willetts: We are also providing specific support for innovators and entrepreneurs, for example by increasing the value of the R and D tax credits. We are doing specific things, but the coalition's overall philosophy is that if possible, we like to bring down the basic rates of tax in a simpler tax system. I think that is an admirable objective.

I do not want to take up too much time, because I know that other Members still wish to speak, but I will briefly go through some of the other things that we are doing, in addition to the lengthy list that I have given—I will not repeat it, but I am sure hon. Members agree that it is very impressive.

Several hon. Members have mentioned apprenticeships, and we can be very proud of the rate of growth in their number that we have delivered. We now estimate that the really extraordinary figure of 440,000 apprenticeships have started in 2011. I pay tribute to my hon. Friend the Minister for Further Education, Skills and Lifelong Learning, who we all know has an intense personal commitment to apprenticeships. We are absolutely committed to their being of high value. Level 3 equivalent is a minimum, and in July the Prime Minister announced a £25 million fund to support up to 10,000 advanced and higher-level apprenticeships in companies, particularly SMEs.

Of course, we announced only last week a package to encourage small firms to take on their first apprentice, with an incentive payment of £1,500 for up to 20,000 apprentices aged 16 to 24. There are still too many regulatory burdens and too many problems of red tape, and we have made it clear that companies do not need to add extra health and safety burdens to the basic framework that all employees should have. We are committed to reducing bureaucracy, speeding up processes and boosting employer engagement in apprenticeships.

We are also committed to supporting and improving the image of manufacturing and engineering, which several Members have mentioned. There is much mythology about manufacturing and engineering. I am sure that Members of all parties find when they go around manufacturing facilities that they are very different from the oily rag image of manufacturing that too many people still have. They are sophisticated places in which highly skilled workers work with large amounts of sophisticated equipment. That is why, with my responsibilities as Minister for Universities and Science, I am very pleased with the increase in the number of science, technology, engineering and mathematics graduates.

Another announcement just in the past week is that the university of Lancaster is reopening its chemistry department, which was closed in 1999, because of the increase in the number of students coming forward with A-levels in the relevant subjects and because the university believes that in our new regime, it will be able to attract more students as it breaks free from the quota controls of the past. We have secured further investment in skills that are related to the improvement in the image of science and engineering.

As has been mentioned, there is also the new Queen Elizabeth prize for engineering, launched by the Prime Minister, the Deputy Prime Minister and the Leader of the Opposition earlier this month. We thank the range of private sector partners who have contributed to the endowment of the prize fund. There will now be a £1 million prize, awarded biennially by the Royal Academy of Engineering.

Mr Sheerman: The Minister mentioned £1 million and we have 1 million young unemployed people. Will he join my right hon. Friend the Member for South Shields (David Miliband) in his call for every young unemployed person to be given training and a job? Is there not room for such an imaginative proposal, which would boost manufacturing and everything else in our country?

Mr Willetts: With both the Work programme and the increase in the number of apprenticeships, we are discharging our obligation to young people. Of course, more can always be done and we are absolutely committed to doing everything necessary to help young people into jobs.

Let me conclude by assuring the House that the Government are committed to encouraging and supporting British manufacturers. We are determined to create the environment in which they are free to thrive and compete in a global marketplace. The points that have been made by hon. Members, and particularly by those who called the debate, are well made. The Government absolutely understand the importance of skills, innovation and R and D, and the importance of ensuring that the barriers to bank lending are torn down. All that added up makes it clear that we have a strategy for manufacturing, which will be at the heart of our agenda for rebalancing the economy. I very much congratulate hon. Members on their interventions, which I welcome.

4.51 pm

Mr Iain Wright (Hartlepool) (Lab): I agree with the Minister that this has been a good and important debate. Manufacturing is not discussed in the House as much as it should be; which is perhaps a reflection of the perception of manufacturing more widely in the country. People could be forgiven for believing that Britain used to make things but does not any more. I therefore congratulate the hon. Members for Hexham (Guy Opperman), for Warwick and Leamington (Chris White) and for Burnley (Gordon Birtwistle), and my hon. Friend the Member for Huddersfield (Mr Sheerman), on securing this interesting and vital debate.

I agree with the Minister that the debate has been relatively consensual—the House should not worry; I will break that. The debate has been split not by party, but between optimists and pessimists. I am a bit of both. I am proud of the fact that our nation engineered the first industrial revolution. We became the workshop of the world. By the eve of the first world war, we produced one quarter of the world's total manufacturing output.

To go back to my earlier comments, there seems to be a consensus out there, put forward by the media, that this country has somehow lost its grip on manufacturing and closed its factories one by one or sent them over to China. Today's debate has made a good start in dismissing such myths, because we still make things. Indeed, as the Minister rightly points out, there is much to be optimistic about. Output from British manufacturing reached an all-time high, even adjusting for inflation, not in 1867 or 1907, but in 2007. In the decade 1997 to 2007, UK manufacturing achieved a 50% increase in labour productivity, which is the best rate of progress we have seen in our country's history. Despite that perception out there, we remain the world's seventh largest manufacturing nation. Our manufacturing is based predominantly on high value-added activity, including the production and manufacture of toilet rolls—in that high value-added activity, we are world leaders.

In high-technology manufacturing, the UK is second only to the US in the developed world. In some industrial sectors, our companies are some of the best anywhere on the planet, including in aerospace, which several hon. Members mentioned, and in automotives, oil and gas, chemicals, pharmaceuticals and bioscience.

As the hon. Member for Hexham will know, the north-east region has a world-class, efficient plant in Nissan, with all the supply chain opportunities that that provides. As the Minister rightly pointed out, today's announcement that Toyota will build its new car plant in Burnaston is particularly pleasing, especially after the disappointments in that city for Bombardier, on which my hon. Friend the Member for Derby North (Chris Williamson) has been an absolute champion.

We in the north-east have always valued manufacturing. My constituency of Hartlepool has been particularly strong from the start of the industrial revolution in the 1840s and 1850s right through to the post-war era. We have huge potential now in some world-class sectors such as offshore wind, nuclear and biotechnology, but we need to grasp the opportunities. Global trends mean that British manufacturing should have considerable opportunity in the next few years. Rising incomes for households in many developing economies will create billions of extra customers to whom British firms can sell their goods—a point that was made by my hon. Friend. The need to manage global resources more efficiently and the move to a low-carbon economy will provide new markets for new and innovative products designed by ambitious firms in environments conducive to stable and certain R and D and capital investment. New technologies such as life sciences will revolutionise health care and the way in which drugs are developed, patented and brought to market. Despite the difficulties and issues that I have with the Minister about the science budget, I know that he is a champion of science, and Britain, with its strong science base, should be a leading global player in such fields.

Today's debate has allowed the argument to be somewhat more sophisticated than is normally the case. We often see the argument in very blunt terms: we used to do manufacturing, but now we only do services, and we

[Mr Iain Wright]

need to go back to making things. As my right hon. Friend the Member for Wolverhampton South East (Mr McFadden) said, there has been a tendency in the structure of such debates to look in the rear-view mirror. In the past 60 years, this country has often chosen the stark model of economic sectors, selecting a service-based economy over manufacturing. That has meant that, despite our remaining a strong manufacturing nation, the sector constitutes only 11% of our economy, compared with 20% for Germany. As my hon. Friend the Member for Huddersfield said correctly, we have lurched too far away from manufacturing over the last 30 to 40 years. Manufacturing should constitute a much bigger share of our economy, but it should not be an either/or situation; nor should it be at the expense of our service sector. There should not be an artificial distinction, because services growth boosts manufacturing, and vice versa.

I can think of no finer example than Rolls-Royce, whose Derby plant I visited last month, as did the hon. Member for Erewash (Jessica Lee). The company is synonymous with British excellence—indeed global excellence—in engineering and manufacturing, but as we found out on our visit, it now derives half of its revenues from services, in providing long-term customer service contracts. The long-term revenues to be derived from such services are reinvested in manufacturing capability.

Mr Sheerman: I just want to correct a possible misapprehension. The members of the all-party manufacturing group are not rear-view mirror people: we actually believe that our manufacturing sector is superb in many aspects. It is just that we want to grow it and invest in it, as well as to encourage more entrepreneurs to lead it. That is the purpose of this debate. We are not negative: we are positive, and I congratulate my hon. Friend on choosing a product made by Britain, and I hope that every hon. Member will join the Made by Britain campaign.

Mr Wright: I absolutely agree, and my hon. Friend and I share the view of my right hon. Friend the Member for Wolverhampton South East that we should be bold and ambitious about manufacturing. We do not hark back to the past, but we want to engender that spirit of enterprise, innovation and ambition to ensure that we are the best engineering nation anywhere on the planet, that people can go into a career in manufacturing engineering secure in the knowledge that it is rewarding and produces products that we can sell to the rest of the world, and that Britain leads the world in that area.

Guy Opperman: May I take the shadow Minister back to the future? Does he agree that the idea of local banks, as outlined by several hon. Members, and an industry bank such as KfW, should be supported by Opposition Members?

Mr Wright: I listened closely to what the hon. Gentleman said in his excellent contribution, and in a moment I will mention the problems that companies—especially manufacturing companies—have in accessing funds that would allow them to grow, especially in export markets. I have a particular suggestion to put to the Minister on whether the Government are trying to do anything about that.

I hope that I have mentioned the huge potential and the enormous scope for us to be a leading player in manufacturing and engineering in the 21st century. None of that is inevitable, of course, and nor will it happen by chance. In the era of the most intense global competition imaginable and with economies such as China—known for its low-cost manufacturing—anxious to move up the value-added chain, Britain needs to put in place the best possible policy framework to ensure that our ambitions are realised. In the words of Richard Lambert, the former director-general of the CBI, the Government, particularly the Department designed to champion British growth, enterprise and industry, need to provide

> "a vision of the kind of economy we want to have in ten years time and what it's going to take to get from here to there".

Instead, however, a leading global manufacturer has stated flatly:

> "The government is not giving us a reason why we should be in the UK in 10 to 15 years' time."

The Government are not doing all that they can to allow British manufacturing to fulfil its potential. Worse than that, decisions taken by Ministers in the Department for Business, Innovation and Skills in the past 18 months have ensured that British manufacturing has taken a backward step. Our economy has grown by just 0.5% in the past year compared with 1.5% in the US and 2.3% in Germany. Export activity is stalling, and both output and sentiment are at their lowest levels since the height of the recession two years ago.

That situation is confirmed by today's publication of the CBI's industrial trend survey, the briefing on which reported:

> "UK manufacturers reported a weakening in order books in November, with export orders in particular deteriorating significantly... As a result, firms expect a fall in production over the coming quarter".

Not all of this is the Government's fault, but an awful lot of it is—far more than BIS Ministers will acknowledge. BIS, charged with being the Department for growth, is weak and out on a limb in Whitehall. Whether trying to secure a stimulus for the economy—we will see what happens on Tuesday with the autumn statement—or support for the UK train manufacturing industry, the solar panel industry, Sheffield Forgemasters or long-term investment in oil and gas, the Secretary of State always plays the game but always loses. Worse than that, though, he always loses by putting the ball in his own net. The CBI's director-general, John Cridland, described the appalling decision, which the House debated yesterday, on feed-in tariffs and the threat to the solar panel industry as

> "the latest in a string of government own goals".

Richard Harrington (Watford) (Con): I agreed with much of what the hon. Gentleman said until he claimed that the Government should take much of the blame over the past few months. I must return his mind to the fact that more than 1 million manufacturing jobs were lost under the tutelage of the previous Government. I would like to hear his comments on that.

Mr Wright: I do not know whether the hon. Gentleman has been following my comments but, over a 40 or 50-year period, we have lurched too far away from manufacturing to the service sector. In the past 10 or 15 years, though, productivity in manufacturing has risen faster than ever in this country. My right hon. Friend the Member for Wolverhampton South East touched on these matters. Given the rise of China and other players, globalisation and the fact that we were the first country to industrialise, it was almost inevitable that there would be a relative decline. However, our manufacturing industry has declined too far, too fast, and we need to do something about that on a cross-party basis. Nevertheless, there has been great cause for optimism over the past 10 to 15 years.

Mr Sheerman: This has been a refreshingly all-party discussion but I want to come back to feed-in tariffs. The industry in green technology and green innovation is growing dynamically and people in my constituency in the business know that the feed-in tariff had to be modified, but for God's sake why not give them six months to adjust, rather than allowing companies to go out of business and lose all that growth?

Mr Wright: My hon. Friend is correct, and to conclude this part of my speech, I shall quote the director-general of the CBI with specific regard to that decision on feed-in tariffs, which was taken without notice to the industry. In keeping with our football metaphor, the director-general said:

> "Moving the goalposts doesn't just destroy projects. It creates a mood of uncertainty that puts off investors. They wonder what's coming next...Industry trust and confidence in the government has evaporated. This bodes poorly for investment in future initiatives...A new industrial policy needs to recognise the real-term costs of bad decisions and should set out a clear path that investors understand and can believe in."

We certainly agree with that, as the country has not got the clear strategic direction we need from this Department. We sometimes get warm words; we often get welcome, albeit ad hoc, announcements. Industry, however, is uncertain of the strategic direction in which the Government and this Parliament want to take the country in manufacturing.

Mark Hendrick (Preston) (Lab/Co-op): Coming back to the point about job losses, many manufacturing jobs were lost under the previous Government over the 13-year period, but some of them have moved, as the Minister said, to the far east and elsewhere. Many of these jobs were not particularly high-skilled, and modern technology and manufacturing has moved on. The problem was that those jobs were not replaced quickly enough by more modern, hi-tech skilled jobs. That is the challenge the Government must face for the future.

Mr Wright: I heartily agree with my hon. Friend. My questions for BIS Ministers relate to having an active industrial policy. Where is the assessment of the sectors in which Britain has unique competitive advantages and of where we can sell our unique products to the rest of the world rather than lamely following the rest of the pack? Where are the clear milestones along the way that would allow investment and business decisions to be taken with some degree of certainty and stability?

A recurring theme of today's debate has been the role of research and development and associated capital allowances. Again, I want this country to be the best place for any investor in manufacturing to invest in research and development, but R and D tax credits, the industry tells me, are not working. What can we do on capital allowances and R and D spend? When can we expect some clear vision from the Government about the road map that is needed as part of an effective and active industrial policy? We have had welcome announcements about funding for technology and innovation centres—I think the Minister mentioned them in his remarks—but the ad hoc decision is a diluted version of what was set up and planned under the Labour Government, with businesses now unclear about how they fit into the bigger picture. The Department promised us its manufacturing framework document over a year ago, but it has still not been published. Where is it?

Another common theme has been the concern—expressed by the hon. Members for Hexham and for Burnley (Gordon Birtwistle)—about the inability of manufacturers to secure access to finance for growth. The Secretary of State's initiatives have not worked. Project Merlin has not secured its aims and the regional growth fund is not delivering on the ground. In the space of 55 seconds—I timed it—in yesterday's debate, the Secretary of State went from claiming that as a result of the RGF,

> "factories have been built and the jobs are being created"—[*Official Report*, 23 November 2011; Vol. 536, c. 333.]

to acknowledging, in response to the Chair of the Select Committee on Business, Innovation and Skills, that he could not provide a figure on the number of jobs created by that fund at all. Will the Government look again at this crucial issue of access to funding?

Many companies are sitting on a pile of cash on their balance sheets, largely because they have little confidence in economic prospects, but is anything being done by this Minister and the Department to free up some of that cash to provide much needed finance to manufacturers? I hope that the Minister will intervene to provide a degree of clarity on that; otherwise, I am happy to wait for the Chancellor's autumn statement on Tuesday.

Several hon. Members mentioned the huge opportunity for export markets. We have been behind the curve in emerging markets for some time. The CBI and Ernst and Young have just published a report, which demonstrated that UK businesses tend to rely on the US and continental Europe for their main export markets. The report quotes the chairman of a Mexican automotive parts manufacturer, stating:

> "Overall I think the UK and its companies should pick the right battles and the right countries, and focus on specific sectors within those markets. There's a lot of goodwill out there that's not been exploited."

Will the Minister respond to that and set out what has been done—he touched on it in his opening remarks—to strengthen our export capability? Time and again, firms say that they cannot exploit their potential by gaining access to export finance, that the range of such finance is limited and that things such as the export credit guarantee do not specifically address business needs. How can the Government address that?

Industry states that the supply chain to UK manufacturing needs to be improved. That is crucial in ensuring that British manufacturing is competitive in

[Mr Iain Wright]

global markets throughout the world. The Secretary of State acknowledges that. In his speech to the Policy Exchange last month, he talked about how

"Government can support UK supply chains across a number of sectors critical for future growth."

Since then, however, we have had no information or detail, or even an announcement as to when we might be given any. Industry is crying out for that as a means of boosting its competitiveness, so it would be helpful if the Minister could provide further detail.

Mr Bailey: Will my hon. Friend give way?

Mr Wright: Yes. I would very much like to hear from the Chair of the Business, Innovation and Skills Committee, as he has great expertise in this area.

Mr Bailey: Given the potential to expand the supply chain in the west midlands through the Jaguar Land Rover development and the possible repatriation of the supply chain for many of the Japanese manufacturers because of the problems in Japan, does my hon. Friend agree that the Government must come up with measures to bridge the capital funding gap, so that small businesses can exploit these opportunities?

Mr Wright: I entirely agree. One of the central themes of my remarks is that we have a huge opportunity, and that in the long term we can thrive as a leading manufacturing nation, but first we must overcome some very serious short-term difficulties involving finance and both domestic and international demand. Despite the warm words and fine rhetoric from the Government, I am not convinced that we are addressing the issues that industry wants us to address.

Manufacturing can play a leading part in Britain's 21st-century economy, but in order to succeed in the modern era we need an active industrial strategy of partnership, where the join between industry and Government is not visible. Instead, we have a Department and a Government who lurch from one ad hoc announcement to another, via a series of wrong industrial policies. We need something better and more ambitious, so that we can tap into this country's enormous potential and ambition in manufacturing, including in innovation. I want Britain to be the best place anywhere in the world in which to carry out manufacturing, but in order to secure that for the long term we need Government to act now.

5.12 pm

John Stevenson (Carlisle) (Con): I am delighted to have the opportunity to take part in this important debate, and I congratulate the Members on both sides of the House who secured it. The subject is central to the economic well-being of this country. Manufacturing matters both locally and nationally.

On the local scene first, in my constituency of Carlisle there are five major manufacturing plants, as well as many smaller manufacturing businesses. Those five major plants are big employers; between them they employ between 3,000 and 4,000 staff, producing for national and international markets world-class products, such as Pirelli tyres, Carr's water biscuits, Quality Street—whose tins of sweets we all have at Christmas—and, most important of all, the humble custard cream. Manufacturing also matters nationally, as it is a key part of our past and must be a key part of our future. We have to start making things again.

It was interesting to hear the shadow Minister, the hon. Member for Hartlepool (Mr Wright), talk about being an optimist and a pessimist, because before this debate, I concluded that our country has reasons to be pessimistic, reasons to be realistic, and, most important, reasons to be optimistic. If we are pessimistic, we can look back and consider that in 1980 manufacturing accounted for 24% of our economy, but the figure now is just 11%. Over the last 14 years we have lost 1.7 million jobs in manufacturing. We now rank between the sixth and the ninth largest manufacturing country, and we are sliding down that list. We rank 18th highest for machine tools investment, which is lower than Mexico. Germany has nine times more investment in plant and machinery than the UK, and many areas of our manufacturing have completely disappeared or have greatly reduced, such as textiles.

We have to be realistic. This country has less than 1% of the world's population and we are no longer the engine-room of the world. Other countries will inevitably grow their manufacturing sectors and become larger manufacturing producers than us, and we have to accept that. We also have to accept that low-cost countries are hard to compete with in many ways. Technology and productivity also mean that fewer workers will often be required to produce the same amount of output. Although we must not lose sight of the fact that manufacturing is only part of our economy, it is important. Our trade gap was £100 billion but that reduces to about £37 billion when we take into account the surplus from services.

We have reasons to be optimistic about the future of manufacturing: Britain remains a major manufacturing country; manufacturing contributes £140 billion a year to our national economy and provides 55% of our exports; we remain a major force in aerospace and pharmaceuticals; and our manufacturing industry is innovative. We often forget about the food and drink industry, but it is our largest manufacturing sector, producing 15% of our output. It also produces 8,000 new products annually and it has survived the recession extremely well. Indeed, by 2017 it will need to recruit about 137,000 people just to replace those retiring.

We also need to take into account investment. There is investment going on in this country: £500 million from BMW; £192 million from Nissan; and the £55 million that Coca-Cola announced just yesterday. Business does want to invest in manufacturing and it wants to invest in Britain. I am pleased to hear the Minister being positive about manufacturing and demonstrating that the Government are interested in manufacturing and want to be proactive. I congratulate them on the "Make it in Great Britain" campaign, which is to be warmly welcomed.

We must also remember that the nature of manufacturing is changing. It is becoming more high-tech and more skilled, and that might be favourable to a country such as ours. In the future, there will be growing markets. We have talked about the BRIC countries—Brazil, Russia, India and China—but other countries in Asia give us opportunities for the future. As countries become wealthier, there is a diminishing gap between the emerging and the mature markets. That also gives us an opportunity to be

more competitive in the global market and to tackle the new markets that are being created. So I believe that there are reasons to be optimistic about the future. To misquote Mark Twain, the reports of the death of manufacturing are greatly exaggerated.

What can we do and what do we need to do to ensure that British manufacturing has a prosperous future? Clearly there is no panacea, but a combination of issues and ideas can help manufacturing. Undoubtedly, the Government have an important role to play and it is good to be reassured by the Minister that they are aware of the issues in manufacturing and want to support it. I am talking about things such as reducing unnecessary regulation, adopting a sensible tax regime, the Government supporting, talking about and promoting manufacturing, and helping the supply chain and helping with energy costs. The Department for Business, Innovation and Skills is to be congratulated on its support for that.

We have had real successes. On skills, apprenticeships are being created up and down the country. The number has increased by 300 to 1,000 in my area, and that is to be welcomed. We have also seen the expansion of the university technical colleges and the targeted funding through the regional growth fund—for example, £2 million is going into Pirelli, with its plant in my constituency. Central Government form just one part of government; local government, which is another part, also has a role to play, for example, through the planning system. I welcome the changes in that area, but local government must take those opportunities, and be sensitive to business and help it. Local authorities are often property owners and they also have an opportunity to help business and support its development. Industry must also help itself. It must take responsibility for research and development investment, long-term planning and the training of its staff, and it must help to promote its own image. Engagement by the industry with councils, schools, colleges and universities is equally important.

I shall conclude by saying three things. First, I fully support and endorse the idea of my hon. Friend the Member for Hexham (Guy Opperman) that there should be a Minister for manufacturing. Such a person would be the champion for manufacturing, working across Departments and ensuring that manufacturing is heard and has a loud voice within government. Secondly, education and skills are vital, and I know that the Government are working hard in that area. I am talking about skills that industry actually needs: the skills that will help us to develop our manufacturing sector for the future. Finally, probably the most important thing we need is a cultural change. We need it in Government at a national and local level, in schools, in the press and in the public's view of manufacturing. If we have a national cultural change, I believe that manufacturing can have a prosperous future.

5.20 pm

Craig Whittaker (Calder Valley) (Con): As more than 19% of the people who live in the Calder Valley work in manufacturing, it is no wonder that I spend so much of my constituency time visiting fantastic manufacturers and local businesses. If the hon. Member for Huddersfield (Mr Sheerman) classes Huddersfield as the cradle of manufacturing, without question Calder Valley is its family home.

We have not only many small niche and high-end manufacturers who supply locally and internationally but many world-leading firms that fly the flag for Britain. They include companies such as Heights, which supplies graphic arts equipment to major photographic companies, such as Kodak and Fuji, and Calrec, which supplies high-quality audio consoles to television studios all around the world, even to Japan. Hon. Members will all be pleased to know that the consoles that allow the nation to watch "The X Factor" every week come from Calrec in Hebden Bridge. We also supply 40% of the European market's caravan industry with caravan looms made in Elland by BCA Leisure. They are Great British companies, flying the Great British flag. The fantastic thing that I am hearing from our local manufacturers is that we really are starting to fly, especially those who manufacture to export.

The absolute evidence of that is the huge investment we are seeing in new machinery, jobs and factories in the local area. No fewer than four brand-new factories are about to open. Boxford Ltd, which manufactures computer-aided design—or CAD—based lathes for education is about to move into its purpose-built £6 million new factory next week. That was delayed by a month because of a huge order received from Argentina, which was not following the lead of America or Europe in the way that the hon. Member for Hartlepool (Mr Wright) suggested earlier.

Decorative Panels is in the process of building its £8.5 million factory to incorporate two new factories for production and it will be up and running in April. KT Hydraulics should also be fully operational by February with its £2.5 million factory and Heights, which I mentioned earlier, has just got planning permission to double the size of its current factory up in Wainstalls. That is all evidence that when companies are stable and low geared, they make a difference to our economy.

There is a but, however. Although the companies are doing well and investing in our future, this really is a tale of two halves. At the business breakfast forums I hold every eight weeks—I have done so for the past three years—there has been a unanimous chorus about the banks. Many Members have mentioned the banks and how they are doing business. The banks would have us believe that they are lending money to businesses and I have no reason to doubt them, but the only problem is the conditions that they are imposing on our businesses, normally at huge cost.

I recently visited a local manufacturer that is a subsidiary of a larger world player in electronics. It supplies a large proportion of the Korean market and 20% of the Japanese market and recently got a fantastic deal from a bank that perfectly met its business needs. The bank was the Silicon Valley Bank in California. Why? Because in the words of the managing director of that company, it totally understood the business and its business needs.

I was also asked recently to attend a meeting with another local manufacturer and its bank manager. The company borrowed £100,000 several years ago to buy a building and a further £50,000 more recently to expand the business. Business is up by 20% this year. After sitting through the meeting for two hours listening to the bank manager sing the company's praises and even saying he wished all his customers were like it, I left for another meeting only to learn later on in the day that the bank manager had said after I had left that the bank

[Craig Whittaker]

would like to take a debenture over its fixed and floating assets and have a joint and several guarantees from the directors. It was explained to them that that was all to the benefit of the directors as it would move them down the queue when the bank came asking for its money back. That is the type of thing that I hear week in and week out from my manufacturers.

Calder Valley manufacturers are among the world's best. Indeed, in many cases, they are the very best at what they do. They do not want a hand up or handouts—just a plain, old-fashioned level playing field. They tell me week in and week out that they will do their best to get on and play their part. We need the Government to put pressure on our banks to look at their practices and to get to know intimately what their local customers do. For far too long, business account managers in banks liaise with customers but then decisions about financial transactions are made by faceless people who are often miles away and have no idea or clue about what the businesses that are asking for the loans do. That needs to change. If it does not, the manufacturers that are still in business will turn more and more to banks such as the Silicon Valley bank, which, in the words of a Calder Valley managing director,

"totally understood our business and our business needs."

The current situation cannot be good for manufacturers, business or the country as a whole.

We accept the need to charge full business rates on empty buildings. That was mentioned earlier and would have been my third example had I more time. Some businesses might need to benefit from an extension or a deferment plan; otherwise some of the businesses that are really struggling are going to fold. It is clear that our manufacturers in Calder Valley are a beacon for our economy. Let us make sure that we can facilitate greater growth by listening to our manufacturers, by putting pressure on the banks and by helping manufacturers when they need support.

5.27 pm

Mike Weatherley (Hove) (Con): I shall be brief and hope not to take up the full eight minutes I have been allotted. I want to concentrate on smaller manufacturers. My hon. Friend the Member for Warwick and Leamington (Chris White) might be interested to know that I come to the debate with a certain amount of expertise. First, I am a chartered management accountant and that profession is geared towards manufacturing. In addition, I was previously the owner and finance director of a manufacturing company in East Sussex. While I was there, we won a Queen's Award for Export, a Queen's Award for Enterprise, and Sussex company of the year. The company exported to 48 countries worldwide and had five satellite offices overseas. I pay tribute to my previous business partners Hugh Burnett and David Westcott and to all the staff at Cash Bases.

The two areas I would like to highlight today are staffing and finance. When I owned that company in the late '90s we had enormous trouble recruiting staff at all levels. We even laid on buses from outlying areas. That was in the boom years after the Conservatives had put the economy on a good financial basis but the shortage of both skilled and unskilled workers was exceptionally high. The fact that our education system was, and almost certainly still is, geared towards service sector jobs rather than traditional engineering and machine operation is to our detriment. I recognise many of the points that the hon. Member for Huddersfield (Mr Sheerman) made about education, so I shall not revisit them. I appreciate the apprenticeships that the Minister mentioned earlier, but we need more of those to cover the skills gaps.

A far more worrying issue, which is a huge hindrance to growth generally but manufacturing in particular, is the availability of funds, which my hon. Friend the Member for Calder Valley (Craig Whittaker) mentioned. The banks can give very small loans but when the requirement creeps over the £10,000 mark, it gets very difficult. The enterprise finance guarantee scheme is supposed to fill the gap between equity investment and the lower levels at which banks are lending, but it fails on two counts. First, the banks do not like it and will not lend with the 25% risk factor. Secondly, the amounts being loaned are just too small.

There are 4.8 million SMEs in this country, but the Government are currently targeting loans at only 6,000 for this year. In comparison with previous years, the amount of funding has decreased. There was £1.3 billion in 2009-10 and £700 million in 2010-11, and the figure has gone down to £600 million for 2011-12. They are not just grants; they are loans that the Government get back.

I recognise what the right hon. Member for Wolverhampton South East (Mr McFadden) was saying about the creative industries. To my knowledge, not a single small firms loan guarantee has been given to the music industry, and that is a great shame. In the first half of 2011, just 1,779 firms were successful in obtaining such loan guarantees, and the average amount is just under £100,000 per loan.

My second point is the funding gap. Anything under £5 million is difficult to finance. When I purchased the company in Newhaven, East Sussex in 1997, we bought it for £4.2 million. The venture capital company that backed us then has said that it would not back a similarly low investment again. Anything under £5 million is considered totally uneconomic. That and the funding for small businesses trying to grow our industries need to be addressed.

Exports are another financing-related issue. I was pleased to hear what the Minister said about the Government's growth targets. I will certainly hold the Government to account to try to reach the levels that we would like to achieve. However, funding for exports is not balanced sufficiently when compared with inward investment. Of course, inward investment is good for a short-term fix for jobs, but we must substantially address the fact that exporting is an important part of any recovery in the long term.

In summary, the enterprise loan guarantee scheme must be improved. The 25% collateral that the banks require puts them off making proposals. Indeed, the amount available under such schemes must be increased to get closer to where equity investment becomes sufficiently realistic. Lastly, let us not forget the staffing implications. We must gear towards manufacturing, not just the service sectors.

5.31 pm

Mr David Ward (Bradford East) (LD): We have heard advice to not go back in time, but I should like to go back 170 years to 1840, when two thirds of the country's wool products were made in Bradford. In fact, by 1850 it was the world capital for wool. In 1876, when Sir Titus Salt died, 100,000 people lined the streets during his funeral to commemorate his work. Now, of course, Saltaire village is a world heritage site, but the huge mill closed down in 1986.

Some hon. Members might be aware of the Jowett motor car, which was produced in Idle in Bradford. Idle is where I live. I was in fact, yes, the Idle councillor for 26 years. Jowett closed and was taken over by International Harvester, which closed in 1983. I get quite cross when I hear people who are old enough to remember the '80s recession compare this one to that one. There is no comparison. When International Harvester shut, the council estate in the ward that I represented had 70% male unemployment and men who did not work again and had children who did not work. That was the scale of things in those days.

I shall explain the relevance of those two examples. Salt's mill was brought back to life by the brilliant work of the remarkable Jonathan Silver. It is now the home of the Saltaire art gallery, where David Hockney has an exhibition. More pertinent to the debate is the fact that it is the home of Pace plc, which is the largest Yorkshire technology company and has more than 500 staff there. The International Harvester site became a large Morrisons complex, with a shop for itself and a large retail outlet. Particularly important to this debate is the fact—not many people understand this—that Morrisons is a large food manufacturer. In fact, it provides 5,000 food manufacturing jobs. Those are examples of two important sites that were part of Bradford's previous manufacturing glory and have had a second life.

I ought to compliment both Morrisons and Pace on the fact that, like Titus Salt, they are reinvesting in the community. Top graduates from Pace visit schools in our deprived communities as part of the Teach First programme to put something back into the community. Morrisons offers a university degree in food manufacturing, and is providing work for 1,000 homeless people across the country. The textile industry still exists in Bradford. We have Haworth Scouring, which is the largest wool-processing business of its kind in the world, and some 70% of its produce goes to China for carpets.

I praise Labour as much as I possibly can whenever it is warranted, to try to ensure that I have some credibility when I point out the things that it did wrong. In Bradford, between 1998 and 2008, we lost 15,000 manufacturing jobs—or 40%. That was at a time when there were 40 successive quarters of growth in the economy. I say that not just to have a go at Labour, but to point out why this debate is crucial. I do not for a second believe that that was the deliberate intention of the Labour Government; it happened in error as a result of neglect. We need to understand why this debate is so important; it is so that we have a focus on the future, as was said earlier, and the future must include manufacturing.

Bradford is not just about manufacturing. It has a financial services sector, and that, thank goodness, kept us going through some of the dark days. There is Yorkshire building society and Provident, which was formed in 1880 in Bradford. Provident's representatives were here yesterday, along with representatives from Westfield and Morrisons, to sell Bradford to the City.

We are UNESCO's first city of film; we have a tourism offer; and we have wonderful theatres, universities and colleges. We are not just about manufacturing, but the future of Bradford must lie in a successful, thriving manufacturing sector. We have the largest single-site chemical plant in the UK, but most of the manufacturing businesses—71%, or 1,300 of them—have fewer than 10 employees. The newly created Bradford and Airedale Manufacturing Alliance is contributing to the regeneration of the manufacturing industry through networking, providing new business opportunities, looking at co-operative working, and the spreading of best practice, advice and guidance. There is very much a renaissance taking place.

To conclude, as a Bradford MP I have a duty to speak out and remind Members of the history of places such as Bradford. Without manufacturing, there would have been no Bradford as we know it, and manufacturing must be an integral part of the future. The message to the Minister is please not to let places such as Bradford down. Bradford is ready to rise to the challenge, and to make its contribution to rebalancing the economy. It is a new dawn in Bradford, but in that new dawn manufacturing must be centre stage. I understand that manufacturing is 3% of the economy in London; it is 13% in Bradford. A total commitment to manufacturing is therefore not only part of the very welcome rebalancing from the service sector to manufacturing, but a crucial part of rebalancing from the south and the south-east to the regions. That is long overdue, and those of us with an interest in manufacturing, and all of us with an interest in the north, are impatient for that.

5.39 pm

David Morris (Morecambe and Lunesdale) (Con): I am delighted to be called to speak in the debate, not only to highlight the needs of my constituents and the manufacturing industry, but to support my room-mate and hon. Friend—he is not right hon. yet, but headed that way—the Member for Hexham (Guy Opperman). I like to think that I have taught him everything he knows.

My constituency is heavily reliant on energy production and manufacturing. Like many north Lancashire constituencies, we make high-spec components for clients in the energy, defence and constructions industries. When we watch programmes on television about the amazing engineering feats involved in BAE Systems, in nuclear submarines at Barrow-in-Furness and in the nuclear power station at Heysham, in all likelihood the vital components we see will have been made or designed in my constituency. North Lancashire has a skills base that allows it to compete favourably with areas that have low labour costs. Manufacturers in China and India, for example, are unable to offer their products with a 10-year guarantee because they are often not of the same quality. The situation is similar to that of BMW in Germany: it has never produced the cheapest cars but is popular because of its build quality and reliability. Our manufacturing sector is struggling not as a result of a lack of orders, but because of the perennial problem of recent years: lack of money.

[David Morris]

Any manufacturer of high-quality components needs to invest large sums in three keys areas: machinery, IT packages and training. It is worth going through each in turn. On machinery, I was talking recently to a manufacturer in my constituency who used to import 5,000 plumbing hoses a year. The products were no cheaper to order from China than they were in UK, but placing an order gave 30 days' credit and the outlay is lower than buying a machine. It took the company several years to save enough money to buy the machine needed to make the hoses, but once it did it began making 7,000 a year. Obviously, British workers were employed to operate the machine, cutting unemployment in the constituency. Whatever we do in this difficult economic period, we must find a way of ensuring that businesses are able to access money and buy vital machinery.

On IT packages, the modern computer developed from an idea that came out of Bletchley Park during the second world war. We have always been world leaders in IT, but as computer packages have become more sophisticated the costs have risen. Although the packages save staff time and improve productivity, they also require capital outlay. I have heard plenty of examples of manufacturers being unable to turn ideas into viable products because the IT package required is just too expensive. I am not complaining about IT costs per se, as the people who design the products deserve to be properly paid. My complaint is once again that banks and the old regional development agencies were so poor at supporting businesses with the capital they needed to buy the products in the first place.

On training, I suppose a purist accountant would not view training as capital expenditure, but manufacturers are often required to pay for expensive training before a product is ever made. In practical terms, that means that lack of credit and poorly administered grants have an impact. Training for some IT packages can cost £1,500 per member of staff. When a company needs large numbers of staff to be trained, it is easy to see how costs soon mount up.

I have laid out three problems, but what are the solutions? First, we must accept that for small and medium-sized enterprises the regional development agencies simply did not work. They were too unresponsive and too focused on larger businesses. Many companies that I have spoken with got the impression, rightly or wrongly, that RDAs would step in only if a product would fail without them. That makes sense on paper, but in reality it is not about a product falling; it is about how quickly it can be brought to market and where it is made. Grants were not always available for speculative investments such as the machinery, IT packages and training I have mentioned. Things need to change and enterprise zones are a step in the right direction.

I know everyone will agree that we also need to get credit moving. I have now accepted that the big six banks cannot or will not help. We need greater diversity in our banking sector, so that the big banks are forced to serve business better. We need a regulatory environment that encourages more banks to enter the UK market and encourages more British companies to establish banks.

"Made in Britain" is still a mark of quality throughout the world, and our products still command a premium that makes our manufacturing viable. From the new plumbing system at Sidra hospital in Qatar to the A380 super-jumbo jet, British manufacturing is a vibrant part of our economy. Contrary to popular myth, we are still the world's seventh largest manufacturer, but without solutions to the capital outlay problem we will never reach our full potential. We must give our companies the money that they need, because it is vital to invest in the future and in manufacturing. They maintain our skills base and are vital to the diversity of the British economy.

We should take this debate forward and act upon it. I again thank everyone for taking part in it, and my hon. Friend the Member for Hexham for bringing it forward in the first place.

5.45 pm

Richard Harrington (Watford) (Con): I, too, congratulate my hon. Friend the Member for Hexham (Guy Opperman) on bringing about this debate. I also congratulate the Minister on his comments so far and, in particular, the shadow Minister, the hon. Member for Hartlepool (Mr Wright), not only on his contribution, but on the resilience of his bladder, which has enabled him to stay in his place for such a long time. It is always a pleasure to see him. On these occasions, it is difficult to think of something to say that is different from the contributions that other Members have been making for what seems like 25 hours. But I shall do my best.

I was born into a family with a modest factory, and I saw the decline of British manufacturing through my own experiences and my own eyes, because my father was similar to most small manufacturers of clothing in Leeds, near to the constituency of the hon. Member for Bradford East (Mr Ward), and he had a similar business to those in Bradford. He was put out of business by imports, but we have to look beyond that and ask, "Why has manufacturing failed?" *[Interruption.]* The shadow Minister shakes his head, but it has failed, and I will explain why.

Manufacturing has failed as a type of business for entrepreneurs to go into as a start-up. We all know that in Britain most large businesses started off not with big foreign investment, which has been very successful, but with people deciding to start businesses in a small way and to build them up to medium-sized businesses and then into some of the great businesses, such as those that the hon. Gentleman mentioned in Hartlepool.

Manufacturing has failed for three reasons. First, there has been a failure of capitalism in this particular field. Members might think it strange to hear a Conservative Member using Marxist terminology—*[Laughter]*—particularly for the amusement of the hon. Member for Huddersfield (Mr Sheerman)—but I mean that although a lot of capital has been employed in businesses in this country, comparatively little has been used by manufacturing. That is because capital is invested to obtain a return, and in my generation manufacturing enterprise has not generally led to significant returns.

Capital that belonged to families has grown in other ways. My father is a classic example of a person who, having found that his business was worthless, sold a small site to property developers and probably made more money than he could have in years of business. That is the story of many family manufacturing businesses in this country.

Secondly, there has been a failure of management. The hon. Member for Huddersfield, in an excellent contribution, mentioned being shown around Magdalen college, Oxford, where he was told that the bright undergraduates were going into the City. When he made that point, he was looking at my right hon. Friend the Minister, who I remember from my time was in fact at Christ Church rather than Magdalen, but I am sure he accepts that in our generation exactly the same thing happened.

Why did people go into the City? First, those people who were business-minded went, perfectly reasonably, into businesses where they felt they could make a lot of money. Secondly, and to draw another a Marxist analogy, for more than 100 years the class system in Britain looked down on manufacturing industry, so all that people such as my father, who was in manufacturing, wanted was for their sons not to have to put up with what they had put up with. These days people would say that manufacturing is not "cool" or "culturally acceptable", but for many years has fallen, let us say, out of fashion.

Craig Whittaker: I have a lot of empathy for what my hon. Friend is saying. I mentioned in my speech the companies Boxford, Heights, BCA Leisure and Decorative Panels, all from the Calder Valley. They started from very small premises indeed and have built up. Does he agree that the biggest problem at the moment is that the banks just are not investing in research and development?

Richard Harrington: I very much agree with my hon. Friend's intervention, but that issue has been covered in other hon. Members' speeches, and in the remaining time I am trying not to mention it for that reason—valid though it is.

The reality is that for bright young people, manufacturing is not, by and large, something for them to go into. For some reason it is different in the United States. Very bright graduates—the brightest that Harvard and other places have—could always join firms such as Ford, General Motors and IBM. At those companies, they could expect to make as much money—if it is, indeed, money they are interested in—as the people who joined Goldman Sachs or such firms in Wall street or the City. We have not had that here so, in my experience—and that of the hon. Member for Huddersfield at Magdalen college and of the Minister at Christ Church college—people who were interested in making a lot of money from our generation did not go into manufacturing.

I have mentioned capital and management. The third issue is labour. I am not falling into the ridiculous trap of saying, "It's the fault of the unions and the workers that we don't have manufacturing." Nevertheless, the issue of labour is a contributory factor. In Watford, where we have a few very good manufacturing companies, notwithstanding that there are 3,000 people on jobseeker's allowance in the constituency, manufacturers have a problem getting unskilled labour because they cannot get people who will do night shifts and consistently do the kind of work that is expected. It is not dangerous work, but it is fairly mundane. Consequently, they have to import labour from Poland.

It is not right in the remaining nanosecond I have left to go into detail about the benefit culture, but we have to accept that if manufacturing is going to return, we must have people who believe it is a perfectly respectable and proper occupation to work in a factory. We want them to, and they should be properly rewarded for doing so. However, we cannot have a situation in which people feel it is not the right thing to do.

Manufacturing has been the victim of imperfections in capital and in management, its status in society and the attitude of labour towards it. Such a situation needs to be corrected, but that should be done on the true basis of entrepreneurship, which relates to people who may be called greedy by some. They want to make money, but they will pay their taxes and employ people as a by-product. It is a great thing to employ people but, for somebody going into business, it is a by-product rather than the reason they are doing it. When manufacturing becomes easier than property development, easier than the City, easier than management consultancy, easier than the law or, indeed, politics, it will come back—but only then.

5.53 pm

Guy Opperman: I thank colleagues who have contributed to the debate, in which there has been a cross-party optimism about the fundamentals of manufacturing. It is a noble profession and a wonderful sector to work in. There is optimism for the future of manufacturing, and that is what this debate is about, rather than the past.

There has been an understanding of the past difficulties from which successive Governments and businesses down the years have suffered and of the present problems of globalisation, the Chinese influence, energy prices and the extent to which the state is struggling with the debt and difficulties faced by each country in the eurozone, particularly this one. There has been recognition that we must subsidise and support individual businesses and manufacturing organisations, whether with a form of capital allowances, R and D, tax credits or the like.

Although there is a tradition for men to be involved in manufacturing, I was particularly heartened to hear my hon. Friend the Member for Erewash (Jessica Lee) contribute so robustly to the debate. As a female Member of Parliament, she spoke very eloquently of the role of women entrepreneurs. I strongly support the view that this is a profession not only for men but for women. I apologise to all women for saying, when I described the need for a Minister for manufacturing, that we needed a go-to guy; of course, it could just as well be a go-to woman.

The Minister of State, Department of Health (Mr Simon Burns): Or gal.

Guy Opperman: Or gal, as my right hon. Friend on the Front Bench so eloquently puts it. The learned Minister has intervened on many previous occasions, and we have another bon mot at last.

I listened to the 19 speakers who contributed to the debate. We finished, last but by no means least, in Watford, having journeyed north to Morecambe and the bay, taken in Bradford East and Hove, and travelled back up to Yorkshire and Calder Valley and then on to Carlisle and Hartlepool. At this stage, the Minister appeared. I must apologise to him, because I think I said that he was from Bognor. Of course, I have nothing against Bognor—everyone loves Bognor—but he is the

[Guy Opperman]

representative of Havant, as we all know, except the hon. Member for Hexham. We then journeyed to Erewash, Derby North, Pendle, Blaenau Gwent, Warwick, West Bromwich West, Burnley, Wolverhampton South East, Weaver Vale, and then to Huddersfield and up to the finest constituency of them all—which is, of course, Hexham.

The future of manufacturing is worth our taking up the debating time of the Backbench Business Committee. The three co-sponsors of the debate—my hon. Friends the Members for Warwick and Leamington (Chris White) and for Burnley (Gordon Birtwistle) and the hon. Member for Huddersfield (Mr Sheerman)—have done so much to try to put manufacturing back in the frame in the House of Commons, and that is the right thing to do. It is noticeable that we are already receiving press coverage on the need for a Minister for manufacturing.

There seems to be widespread agreement that the banking system needs reform and improvement so that these businesses, which we all so cherish and want to receive support, receive that support, whether it is from a local bank or an industry bank such as that championed so well by the Germans with the KfW model. Such possibilities give businesses an endless ability to thrive in future. We all agree that that is the model for the way ahead. I look forward to the forthcoming meeting with the Financial Services Authority to discuss the local bank project. The Government should clearly be picking winners; manufacturing is a winner, and it has a very good future.

Question put and agreed to

Resolved,

That this House has considered the matter of the future of manufacturing.

PETITION

Proposed Development on Coastal Road, Bolton-le-Sands (Lancashire)

5.57 pm

David Morris (Morecambe and Lunesdale) (Con): This petition is about the granting of planning permission to an unwanted development in Bolton-le-Sands. It is signed by 1,036 people.

The petition states:

The Petition of residents of Bolton-le-Sands and others,

Declares that the Petitioners are opposed to planning application 10/00830/0UT, relating to a proposed development on Coastal Road, Bolton-le-Sands, as the Petitioners believe that there is no demand for any further development in the area as many properties are not fully occupied and many are already on the market; that there are insufficient employment opportunities in the area for any incoming inhabitants; that there is insufficient space in local schools for incoming children; that there will be increased pressure on what the Petitioners believe are already overstretched local NHS services; that the development will change the character of the area, with a detrimental impact on the landscape and residential amenities, including causing the loss of open spaces that enhance the quality of life of everyone in the area; that the development will cause a loss of grazing land and essential hedgerow habitats; that the development presents a risk to the canal and species in the canal ecosystem; that the development will result in the joining up of the villages of Bolton-le-Sands and Hest Bank and that there will be an increase in vehicular traffic on already busy roads, particularly on Coastal Road which has seen numerous accidents in recent years.

The Petitioners therefore request that the House of Commons urges the Government to use any means possible to overturn the decision of Lancaster City Council to approve the development on Coastal Road, Bolton-le-Sands.

And the Petitioners remain, etc.

[P000986]

Local Pharmacies

Motion made, and Question proposed, That this House do now adjourn.—*(Greg Hands.)*

6 pm

Huw Irranca-Davies (Ogmore) (Lab): May I thank you, Madam Deputy Speaker, and your good offices for granting this Adjournment debate on a subject that affects hundreds if not thousands of people right across the country in England, Wales, Scotland and Northern Ireland? I hope to encourage, support, prompt, cajole and beat the Minister—in a very nice way—to put some urgency into this matter, which I know he is aware of and is working on. I think that we need to do more. I can understand why this issue has not grabbed the headlines that other health-related issues have.

A very wise MP once said to me, "Don't go looking for issues. They will walk though your door." That is exactly what happened. A female constituent came through my door about a year ago and said, unbelievably—it was unbelievable and I had some scepticism about it—that she could not get Femara, a cancer treatment drug. I said that that simply could not be the case because it is a readily available drug. It is not a drug that is not prescribed or that there is any shortage of. She left feeling a little disgruntled, but I agreed to take up the issue.

I contacted the chemist, who said that my constituent was absolutely right. They said, "I cannot get hold of it in my own stocks, I cannot get hold of it locally by ringing other chemists and I cannot get hold of it from my regular distributors. I actually have to ring the manufacturer." Even having done that, there was a delay before it was delivered, leaving somebody without their cancer treatment drugs. The implications of that are not only physical and medical, but emotional.

Having looked into the matter further, it appears that this is a widespread concern. Like most people, I assumed that if a drug was a prescribed medication, it would be widely and freely available. I did not know about the systemic problem that we face in the UK in ensuring the supply of life-saving medicines. If one looks behind the façade of normality, one can see clearly the pressure on the pharmaceutical drug supply chain from manufacturers, through wholesalers and distributors, to pharmacists and right down to individual patients.

The Minister will be aware that today there are problems with about 50 products. Those medicines treat a wide range of conditions including cancer, Parkinson's disease, schizophrenia, depression, asthma, diabetes and high blood pressure. All of those products seem to be in short supply due to the problem in the supply chain. In the midst of coming to terms with a serious medical condition, the last thing that I, the Minister, you, Madam Deputy Speaker, or anybody would want to face is the fear of not being able to receive their treatment or of having it interrupted because of a problem in obtaining the medicine. Yet that is the precise situation for too many people on a daily basis.

It is our community pharmacists on the front line who see the overwhelming reality of this problem. I know that the Minister will recognise that when pharmacists cannot get hold of a drug for their patients, they work hard behind the scenes, under the calm waters, often in a Herculean effort, to ensure that nobody is left without their vital medicine. I have seen in my constituency the hoops that pharmacists are obliged to jump through to obtain medicines on such occasions. All too often, they have to ring round other pharmacists in the hope that they have the medicines available, spend time on the phone to the wholesaler or the manufacturer, or send faxes with copies of prescriptions to manufacturers in the desperate effort to find supplies on the day for their patients. On too many occasions, they are told that there is no stock available from the wholesaler or the manufacturer. Despite the time spent on that wild goose chase, pharmacists still try to provide the multitude of other services that the NHS and we ask of them.

Margot James (Stourbridge) (Con): I congratulate the hon. Gentleman on securing this debate on such an important topic. Is he aware of the survey conducted as recently as this month by Lloyds Pharmacy of its pharmacists, which confirmed the point that he is making? It found that 50% of the pharmacists surveyed were spending between one and three hours a week trying to source medicines, and that 16% were spending between four and six hours a week doing so—almost a day of their working time.

Huw Irranca-Davies: Absolutely. The hon. Lady makes a very good point. I am aware of that survey, and I will touch on it. This is not a party political issue at all, it is very much cross-party, and I know she has a real interest in and specialist knowledge of the matter. We can help the Minister by suggesting to him some ways forward.

The Lloyds survey to which the hon. Lady refers was of 400 pharmacists, and it showed that 80% of pharmacists were unable to dispense items, or had had to call their local GP surgery, for four or more prescriptions a week. For 26%, that number rose to more than 10 prescriptions a week. On average, half of pharmacists surveyed were spending at least one to three hours a week trying to resolve stock availability problems for patients. That includes ringing around other stores, contacting suppliers and liaising with prescribers. Critically, as she said, 16% spend at least four to six hours a week doing so, and 8% spend more than six hours a week chasing down stock.

Another survey that has been undertaken, of which the House may not be aware, is a 2011 preliminary survey on medicine supply shortages by *Chemist and Druggist* online. It found, echoing those earlier findings, that 93% of respondents were spending more than one hour a week sourcing key medicines. It found that 54% were spending more than two hours a week doing so, and that 10% were spending five hours or more. If they are doing that, they are not providing the front-of-counter services that we want them to, such as helping people with minor ailments and providing other assistance. That survey also found that 90% had had to ask GPs to change a prescription in the face of shortages, and that 70% had found getting hold of branded medicines even harder in the past year than in previous years. Those figures mirror those in the previous survey the year before. The problem is at least as bad as it was a year ago, and possibly getting worse.

Let me personalise the matter. I spoke to a community pharmacist from Rasharkin in Northern Ireland this week, who told me:

"Supply chain issues are becoming an increasing problem as I continually have to telephone the manufacturer directly for stock. For example today"—

[Huw Irranca-Davies]

Monday 21 November—

"we had four prescriptions outstanding for a drug for depression; we had ordered these electronically through the manufacturer's chosen supplier five days ago but the stock has still not arrived. We had to telephone the manufacturer for stock today and they insisted we supply copies of the prescriptions. I refused as I believe there are issues here with patient confidentiality. They agreed to send only a partial order. Two of the above patients will be without their medication until the supply arrives, the other two have enough to keep them going for a few days."

Patients in that situation are all too often left with only a small supply, and sometimes with none of the medicines that they need. Research by the Patients Association found that half of those surveyed had had to wait two or more days to get their medication when there were stock availability problems, and that two thirds felt from their personal experiences that medicine shortages were definitely having an impact on people's health. That situation will see real harm caused.

The *Chemist and Druggist* 2011 survey has already found tangible incidents of harm caused to patients by a lack of available medicines. To cite some examples, it found incidents of a pharmacist having to refer a patient back to hospital because of a shortage of drug supply; patients describing themselves as "stressed and upset", and suffering severe emotional trauma; a patient experiencing difficulties with anxiety that had previously been controlled by their medication; and a diabetic patient suffering a hyperglycaemic episode while waiting for their medication.

The evidence showing the problems in the supply of medicines to local pharmacists is clearly overwhelming. The reality for patients, including the one who came through my door a year ago, is frightening. Despite the hard work of pharmacists everywhere, the results could be fatal. We must avoid that. The situation was noted by the all-party group on pharmacy this week when it announced that it will hold a full-scale inquiry into the continuing problem of shortages in NHS medicines.

The reasons for the shortage in the supply of such crucial medicines, as in any situation, are varied. First, as the Minister will know, European competition policy promotes a free market in medicines. The trade is legal and encouraged by the EU. With the weak pound, there is money to be made—by pharmacists, wholesalers and others—by selling drugs to those in Europe.

The Association of the British Pharmaceutical Industry states that the recent Medicines and Healthcare products Regulatory Agency announcement that it will repeal section (10)(7) of the Medicines Act 1968 to prevent pharmacists from trading without a wholesale licence is an important step in the right direction, but it will not solve the problem. Experience has shown that supply in the market well beyond what is needed for UK patients does not solve the problem of shortages at pharmacy level —it simply results in more stock being diverted overseas.

The second reason is the number of wholesalers. There are now 1,800 wholesale dealer licences in the UK. Additionally, according to the British Association of Pharmaceutical Wholesalers, six years ago, a pharmacist could order from their chosen wholesaler almost any medicine manufactured, but nowadays, they need to order from at least two or three wholesalers, which means two or three deliveries at different times of the day, with two or three times the paperwork.

Thirdly, quotas put in place by manufacturers to control demand are crude and lack the flexibility to meet ordinary fluctuations in demand. In one case, a pharmacy was restricted by a quota to 28 days of supply for a medicine, meaning that it was unable to fulfil 56-day prescriptions. To overcome such situations, pharmacists must place so-called emergency orders directly with the manufacturers for stock to be delivered individually in unscheduled deliveries, which often arrive via courier companies one or two days after the identified patient need.

Increasingly, patients are forced to wait while the pharmacists make daily emergency orders with various manufacturers. They often have to go through quite intrusive audit questions to prove they have a genuine patient need. On top of that, the patient has to await delivery. Another pharmacist—from Gwynedd—said of this unacceptable situation:

"In many instances after phoning our wholesalers and the manufacturers and even...specialist wholesalers, we are eventually able to source the drug, but it doesn't arrive for 2 to 3 days."

In March 2010, the then Secretary of State, my right hon. Friend the Member for Leigh (Andy Burnham), held a summit meeting of all industry stakeholders and formulated an action plan. In February 2011, the Department of Health published guidance, but as we approach 2012, a solution is still not in sight, unless the Minister brings some clarity today. The guidance is a step in the right direction, as recognised by Pharmacy Voice, but it is not the silver bullet—there is no silver bullet. Problems remain and it is time for further affective action to be taken.

What should that action be? We should update the regulations on patient access to medicines to make them fit for purpose. Currently, there is a duty to supply, but no time scale in which to do so within the UK. Other EU nations, including Belgium, France, Finland, Germany, Greece, Hungary, Italy, Norway, Portugal and Spain, have implemented a patient or public service obligation—I prefer the phrase "patient service obligation—on the manufacturers and wholesalers to ensure that community pharmacists can get medicines to their patients when and where they are needed. It is time for the UK to implement its own, albeit adapted, version of a patient service obligation. The Minister might be hesitant to do that, but we place obligations on distribution network operators to connect people to the national grid to ensure that they receive an uninterrupted supply of electricity, and yet we have no obligations on an uninterrupted supply of medicines.

There are different ideas on what would constitute a patient service obligation, but let me suggest some principles that might underpin one. First, all those who supply medicines, whether manufacturers, distributors or dispensers, should have a duty to ensure that the medicine supply chain is economically efficient in line with the clinical needs of patients, so it delivers to them on time. Secondly, all those who supply medicines should have a duty to ensure that patients can easily and quickly obtain the medicines they need and to prioritise the supply of medicines to UK patients. Thirdly, medicine supply arrangements must be sufficiently robust and stable to guarantee a continuous supply to patients, including the rigour needed to absorb any short-term disruption—for example, through extreme weather conditions, as we saw last year.

Such a patient service obligation would receive support across the supply chain from manufacturers, wholesalers, pharmacists and patients. The National Pharmacy Association and the British Association of Pharmaceutical Wholesalers are already on board, and the Association of the British Pharmaceutical Industry is keen to learn more. Indeed, the Government have not ruled out a patient service obligation. I see no reason why active discussions between all interested parties—the manufacturers, wholesalers, pharmacies and patients associations—cannot begin immediately, brokered by the Minister and the Department of Health. Perhaps the Minister would like to know that a recent Pharmacy Voice survey has shown that such a move would find considerable favour with the public.

It is time for the Department of Health to lead on this vital issue. The evidence is overwhelming and the urgency palpable. Everyone is ready to find a solution and ensure that the aims of a patient service obligation—ensuring that no one goes without their vital medicines—are more than just an ambition, and become a reality. I hope the Minister in his response—I know that he is aware of the critical nature of this issue—can assure the House of his intention to act on this issue with real urgency.

6.16 pm

The Minister of State, Department of Health (Mr Simon Burns): May I begin by congratulating the hon. Member for Ogmore (Huw Irranca-Davies) on securing this debate? I know that he has been assiduous in highlighting this important issue in his constituency and beyond, and anyone who doubts that need only have listened to his speech—or read it in *Hansard* tomorrow—to know about his commitment to, knowledge of and passion for this issue of genuine concern in many areas. It is also a pleasure to see my hon. Friend the Member for Stourbridge (Margot James) in her place, as I know that she has a long-standing interest in the subject, having secured a debate on the pharmaceutical situation earlier in this Session.

I assure all hon. Members that I am sadly all too aware of the difficulties that pharmacists and members of the public have had in obtaining some prescription medicines. It was particularly moving when the hon. Gentleman spoke of the experience of someone he knows who regrettably had trouble getting hold of one of her medicines, Femara, which is used to treat breast cancer. We freely discuss policy at meetings and in the Chamber, but those discussions suddenly seem very distant when we are confronted with the reality of what it means to be unable to access a drug. I am aware that some pharmacists have had difficulties getting Femara, but those difficulties have recently been greatly reduced following the expiry of the patent earlier this year. The generic version of Femara is now widely available under the name letrozole. I know that it is of little consolation to the hon. Gentleman's friend, but what it does mean is that other people will not have to go through the same heartache as that lady.

I am also aware of how frustrating it is when such problems occur with other drugs—not simply cancer drugs—because for people who need them at the time, they are equally important. The coalition Government have already taken action and we will take further action if necessary.

Supplying medicines to patients requires a complex, international infrastructure. There are around 16,000 licensed medicines covering tablets, capsules and injections, and different dosages, and nearly 900 million NHS prescription items are dispensed every single year. As hon. Members will appreciate, it is a vast undertaking. Given that complexity and scale, there are difficulties from time to time, and not only the UK is affected: recently the US has had problems of its own. There are many different reasons why patients might have problems getting hold of their medicines, and they range from difficulties in obtaining raw materials to manufacturing problems and the overseas sale of medicines intended for this country. I would like to speak about all of these.

Supply issues can arise as a result of parallel trade, as the hon. Gentleman mentioned. That is when medicines are bought at low prices in one European country and then resold at higher prices in another. When the euro got stronger relative to the pound, exporting UK medicines to other European countries become more profitable. At the moment, parallel trade exports are therefore reducing the supply of medicine available to UK patients. I stress that this parallel exporting is legal and can be carried out by anyone who holds the necessary licences under the medicines legislation. Indeed, in the past, UK patients have benefited from medicines being imported to this country by the same process.

I cannot stress firmly enough that there are existing legal duties on manufacturers and distributors, within the limits of their responsibilities, to maintain a suitable supply of medicines to pharmacies so that the needs of patients are met, but regrettably a minority of operators in the supply chain are thought to be putting profit before patients. I know that this is not condoned by the majority of those in the supply chain. Indeed, manufacturers and pharmacies have to fill the gap that these practices create.

Manufacturers have introduced quotas to try to target supply but this reduces pharmacies' flexibility to meet unexpected patient need. Pharmacies use contingency arrangements to get medicines directly from the manufacturer rather than from their usual wholesaler. We have recognised this in NHS funding for community pharmacies but it still annoys the majority that are putting patients first. I understand that that is frustrating for many parts of the supply chain and can lead to delays in some patients getting their medicines. However, the Department of Health, the Medicines and Healthcare products Regulatory Agency and the supply chain stakeholders—manufacturers, wholesalers and pharmacies—are working together to reduce the impact on patients.

In order to address the issues with supply, the previous Government set up a ministerial summit in March 2010. A wide range of organisations and individuals participated, including those representing pharmacists, wholesalers and doctors. The summit agreed a package of tough actions to be taken forward in collaboration with the industry and other partners. This Government have taken forward many of the actions proposed by the previous Government. We continue to work with all parts of the supply chain to make sure it functions as well as possible through collaboration and collective agreement rather than by increasing the regulatory burden.

Actions taken forward following the summit include: publishing updated guidance on the legal and ethical obligations placed on manufacturers, wholesalers, registered

[Mr Simon Burns]

pharmacies and others involved in the supply and trading of medicines in December 2010; publishing best practice guidance agreed by stakeholders of the supply chain clearly stating that under normal circumstances pharmacies should receive requested medicines within 24 hours—if all members of the supply chain followed this, patients might get medicines more quickly—and developing and maintaining a list of products in short supply published on the Pharmaceutical Services Negotiating Committee's website so that no one trading in these products can say that they are not aware of supply difficulties.

On top of that, MHRA site inspections and follow-up inspections have been conducted and progress has been made, including through written undertakings to comply with the agency's recommendations. To date, no breaches of the regulation have been established.

Huw Irranca-Davies: This is not a new phenomenon. As the Minister said, the previous Government recognised it, set up the taskforce and introduced proposals on which this Government are acting. The difficulty is that the system is not working properly, despite the best will in the world. I understand the one-in, one-out rule and the necessity to avoid an undue regulatory burden, but a light-touch approach would be welcomed by most of the industry. A manufacturer told me the other day that he was producing 140% of the needs of the UK but there was still a shortage of the drug that he was supplying. Surely a patient service obligation would fit the bill by ensuring that certain things have to happen. It has been done in most other European countries.

Mr Burns: I am grateful to the hon. Gentleman, and I will come to that point a little later in my remarks.

As I was saying, exporting medicines is only one source of supply difficulties. Problems such as obtaining raw materials or problems with manufacturing processes can also cause supply problems. The increasing concentration of pharmaceutical manufacturing has made the situation worse. A medicine may be made only in one or two sites globally, which means that there is not much flexibility if problems are experienced at a particular factory or manufacturing site. Production schedules have to be planned months in advance and if one company has a shortfall, suppliers of alternatives may be unable to make up the shortfall at short notice.

The current trend in the supply chain of pharmaceuticals over the past few years is to move towards a "just in time" set-up, which results in lower stocks of medicines throughout all parts of the supply chain. This trend has resulted in significant savings, but requires more active and reactive stock management. Again, the Government work closely with pharmaceutical companies, wholesalers, pharmacists and the NHS and have well-established procedures to manage these risks.

The Department of Health published joint best practice guidelines with the Association of the British Pharmaceutical Industry and the British Generic Manufacturers Association in January 2007. The guidance gives companies advice on what to do in the event of a shortage and recommends early communication with the Department about possible shortages that might affect patient care. This allows us to work together to explore whether any action can be taken to reduce the impact on patients.

The Department has also created a small buffer stock of some medicines to help manage shortages during pandemics and other emergencies. We are also taking action through the European Commission's falsified medicines directive to strengthen the supply chain against the risk of counterfeit medicines. This aims to improve the reliability of the medicines supply chain and to respond to the increasing threat of falsified medicines entering it.

As a direct result of the arrangements I have described, combined with the diligence and professionalism of most of the supply chain, patients overwhelmingly have access to the right medicines in a timely and efficient manner. We are continuing to monitor the situation very closely. Of course, we are not prepared to be complacent. That is why we are working so closely and collaboratively with the supply chain, monitoring and intervening as appropriate.

The hon. Gentleman's intervention was about the public service obligation. I am aware that some—like him, and quite honourably—would prefer to see a public service obligation placed on the medicines supply chain to maintain supplies of medicines. As I have said, it is already the case that manufacturers and distributors must ensure continuous supplies of medicines to meet patients' needs. Failure to do so could put them at risk of regulatory action or criminal prosecution.

Some other EU member states have a very precise definition of how soon medicines should be received, but we are cautious about going down that road. It would vastly increase regulation on the industry and drive up costs across the board. This is why, as I have said, we have chosen to go down the route of best practice guidance instead. Best practice arrangements exist; they have been agreed with all parts of the supply chain and they have been very successful in minimising the impact of shortages. It is a much more flexible approach than statutory regulation.

In conclusion, I am grateful to the hon. Gentleman for raising this issue—one that will be relevant to all Members across all party divides, as well as to every single community and individual person. It is an issue of true universal interest and concern. I assure the hon. Gentleman that the coalition Government are absolutely committed to patients getting their medicines as quickly as possible. We are also certain that in the supply of medicines, everyone in the supply chain has their part to play, including manufacturers, wholesalers, pharmacists, prescribers and patients. The Government will continue to work closely with all those involved in the supply chain, making sure patients receive their medicines in a timely manner and without any unnecessary complications. This is not an issue that will be discussed just once and then forgotten. We are determined to keep a watchful eye on the situation to see if there are ways to improve it and minimise disruptions or problems for patients, ensuring that they get the best service, to which they are entitled.

Question put and agreed to.

6.30 pm

House adjourned.

House of Commons

Friday 25 November 2011

The House met at half-past Nine o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Mr Philip Hollobone (Kettering) (Con): I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163).

The House divided: Ayes 1, Noes 35.

Division No. 402] **[9.34 am**

AYES

Rees-Mogg, Jacob

Tellers for the Ayes:
Mr Peter Bone and
Mr Philip Hollobone

NOES

Baker, Norman
Benyon, Richard
Berger, Luciana
Blears, rh Hazel
Brokenshire, James
Bruce, Fiona
Burstow, Paul
Clark, rh Greg
Coffey, Dr Thérèse
Crabb, Stephen
Djanogly, Mr Jonathan
Dunne, Mr Philip
Field, Mark
Fitzpatrick, Jim
Freer, Mike
Hamilton, Mr David
Harris, Rebecca
Heath, Mr David
Hendry, Charles
Hurd, Mr Nick
Irranca-Davies, Huw
Johnson, Diana
Morgan, Nicky
Munt, Tessa
Murray, Ian
Newmark, Mr Brooks
Phillips, Stephen
Randall, rh Mr John
Seabeck, Alison
Smith, Miss Chloe
Spellar, rh Mr John
Teather, Sarah
Thomas, Mr Gareth
Webb, Steve
White, Chris

Tellers for the Noes:
Richard Fuller and
Mr David Nuttall

Question accordingly negatived.

9.47 am

Mr Peter Bone (Wellingborough) (Con): On a point of order, Mr Speaker. The Deputy Prime Minister has been expounding in the media today a new Government policy in a major announcement of billions of pounds being spent on getting people into work. There is allegedly a written statement, but I have not seen it and it was not available to Parliament at the start of the day. It seems to me, Mr Speaker, that that announcement should have been made first in the House and not to the media. Is there any further action I can take on this point?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. I have seen no such written ministerial statement and at the time I came into the Chamber none was available. I note what the hon. Gentleman has said about media coverage and I reiterate the point I have repeatedly made from the Chair: statements of Government policy should be made first to the House of Commons. That is an obligation upon all Ministers, without exception. The hon. Gentleman is an experienced parliamentary hand and he will know that avenues are open to him to pursue this matter—if not today, on subsequent days. I hope that is clear and helpful.

Public Services (Social Value) Bill

Consideration of Bill, as amended in the Public Bill Committee.

New Clause 1

NATIONAL SOCIAL ENTERPRISE STRATEGY

'(1) The Secretary of State must prepare and publish a document setting out a strategy for the promotion by government departments of engagement in social enterprise in England (the "national social enterprise strategy").

(2) The national social enterprise strategy must be designed with a view to promoting participation in its implementation by persons or bodies appearing to the Secretary of State to be representative of those engaged in social enterprise and by the public, whether by monitoring its effectiveness or otherwise.

(3) The Secretary of State may review the national social enterprise strategy and prepare and publish a new strategy to replace a previous national social enterprise strategy.

(4) In preparing the national social enterprise strategy or a new strategy, the Secretary of State must—

(a) consult such persons or bodies appearing to the Secretary of State to be representative of those engaged in social enterprise as the Secretary of State considers appropriate; and

(b) carry out such public consultation as the Secretary of State considers appropriate.

(5) For the purposes of this section a person or body is engaged in social enterprise if—

(a) the person or body is carrying on a business;

(b) the business's activities are being carried on primarily for a purpose that promotes or improves the social or environmental well-being of the United Kingdom, whether the purpose is pursued in relation to all or any part of the United Kingdom or all or any of the persons resident or present in it;

(c) the greater part of any profits for distribution is applied for such a purpose;

(d) the business is majority-owned and controlled in the interests of improving the social or environmental well-being of the United Kingdom;

(6) The Secretary of State shall by regulations made by statutory instrument set out criteria for establishing whether a business falls within the definition in subsection (5)(d) above.'.—*(Mr Thomas.)*

Brought up, and read the First time.

9.49 am

Mr Gareth Thomas (Harrow West) (Lab/Co-op): I beg to move, That the clause be read a Second time.

Mr Speaker: With this it will be convenient to discuss the following:

New clause 2—*Local authority strategies*—

'(1) Section 4 of the Local Government Act 2000 (strategies for promoting wellbeing) is amended as follows.

(2) After subsection (1) insert—

"(1A) A local authority's sustainable community strategy must include—

(a) their proposals in connection with promoting engagement in social enterprise in their area; and

(b) a statement of measures proposed for enabling persons or bodies engaged in social enterprise in their area and such other persons as they consider appropriate to participate in the implementation of the proposals referred to in paragraph (a).".

(3) After subsection (4) insert—

"(4A) For the purposes of this section a person or body is engaged in social enterprise if—

(a) the person or body is carrying on a business;

[Mr Speaker]

(b) the business's activities are being carried on primarily for a purpose that promotes or improves the social or environmental wellbeing of the United Kingdom, whether the purpose is pursued in relation to all or any part of the United Kingdom or all or any of the persons resident or present in it; and

(c) the greater part of any profits for distribution is applied for such a purpose.'".

New clause 3—*Annual report to parliament—*

'(1) The Secretary of State must prepare and publish an annual report on the operation of the Government's strategy for social enterprises in the preceding year and must lay a copy of the report before Parliament.

(2) The Secretary of State must, during the preparation of each report, consult—

(a) the National Audit Office;

(b) the Charity Commission;

(c) Co-ops UK;

(d) the National Council for Voluntary Organisations;

(e) Social Enterprise UK;

(f) the Association for Chief Executives in Voluntary Organisations;

(g) the Office for National Statistics; and

(h) such other organisations or persons as the Secretary of State considers appropriate.

(3) Each report must include statistics on the performance of social enterprises.'.

Amendment 1, in clause 1, page 1, line 3 after first 'of', insert 'goods and'.

Amendment 2, in clause 4, page 3, line 36, after 'Services (', insert 'Social Enterprise and'.

Amendment 3, in title, line 1, at beginning insert—

'To require the Secretary of State and local authorities to publish strategies in connection with promoting social enterprise; to enable communities to participate in the formulation and implementation of those strategies;'.

Amendment 4, in title, line 1, leave out from 'Require' to 'and' in line 2 and insert

'that public sector contracts include provisions relating to social outcomes and social value;'.

Mr Thomas: I congratulate the hon. Member for Warwick and Leamington (Chris White) not only on his choice of subject but on the way in which he has steered the Bill through the House thus far.

The Opposition want a comprehensive change programme to boost social enterprise further. I hope to set out this morning a more ambitious approach to the Bill than the Government and the Minister, sadly, have been willing to countenance so far, but before I do so let me explain how my amendments seek to build on some of the issues raised in Committee.

In new clause 1, I have sought to respond to the appetite shown in Committee for more certainty about the definition of social enterprises, and in particular how an asset lock might be worked into the Bill. In new clause 3, I have sought to provide a clear means of encouraging the Government to be accountable for their work in social enterprises. Amendment 1 offers the Minister an opportunity to clarify the arguments that he used in Committee to justify the limited scope of the Bill in relation to commissioning.

In Committee, we had an interesting discussion about the merits or otherwise of a national strategy for social enterprise. I fear that the absence of a clear requirement for such a strategy poses the risk of a loss of momentum behind the sector when ministerial attention is diverted, as it inevitably will be. An example is the point of order on which you ruled earlier, Mr Speaker. No doubt ministerial attention has been diverted, quite rightly, to youth unemployment and the return of the future jobs fund in another guise. There is a risk that other issues might also divert Ministers' attention from their commitments to social enterprises in the future, and a clear strategy would help to avoid any such loss of focus and interest.

I fear that things that could and should be done by other Whitehall Departments to help social enterprises cannot be done without a requirement for a cross-Whitehall strategy. I fear, too, that some parts of the country will miss out, and that many communities that could and should benefit from what social enterprise can offer will not be able do so because of the absence of a clear strategy framework for Whitehall's work.

The Minister claimed in Committee that there was a strategy for social enterprise, and cited social investment as one part of that strategy. I must point out gently to him that he did not seem to be willing to give many more such examples. He did, however, go on to say that the Cabinet Office was working with the Department for Business, Innovation and Skills, suggesting that that somehow proved that the whole of Whitehall was united behind work for social enterprises.

I believe that a strategy for social enterprise should touch on a series of issues. Access to finance is clearly a key issue, as are access to commissioning opportunities and the role that social enterprises can play in assisting the process of modernising our public services, making them more flexible and personal. Access to advice and support for fledgling or "wannabe" social enterprises is clearly a further aspect of such a strategy. Ongoing support and representation from—ghastly phrase—infrastructure organisations to help social enterprises to share best practice, to solve legal problems that they may face, or to tackle difficult human resource issues would also be worthy of inclusion.

A strategy could explore the scope for more work with, or indeed instead of, the private sector. It could also consider issues relating to coverage: which communities are likely to need more help to enable more social enterprises to emerge, and what should that help look like in practice? It could outline the role not only of other Whitehall Departments but non-Whitehall players in developing the Government's endeavours to help social enterprise.

Hazel Blears (Salford and Eccles) (Lab): Does my hon. Friend share my regret that the original Bill, which was genuinely about social enterprise, has been reduced—as a result of, I believe, arguments within the Government—to a Bill that simply talks about the very minimal bit of social value that is left, rather than giving what could have been a really good boost to the social enterprise sector?

Mr Thomas: My right hon. Friend makes an important point. The Bill represents a huge missed opportunity for the Government to embrace the other elements of the Bill. This is a Government who made much of their commitment to the big society, yet here is, arguably, a big society Bill that they have—as my right hon. Friend

rightly says—gutted. The absence today of Conservative Members who might have been present to defend and advocate this big society Bill is, I fear, further testimony to the lack of support for it in practice.

Let me now deal with some of the issues relating to access to money that might constitute part of a national strategy.

Mr David Nuttall (Bury North) (Con): On the subject of money, may I ask whether the hon. Gentleman has assessed the possible cost of producing a national strategy?

Mr Thomas: I have not, but the explanatory notes prepared by the hon. Member for Warwick and Leamington for Second Reading contained an assessment of the cost, which, if I remember rightly, was approximately £41,000.

Many social enterprises clearly have a strong trading and enterprise ethos, but most have required start-up finance or transitional funds, or funds for specialist advice. For voluntary sector organisations wishing to become social enterprises, strong grant income can help to provide a cushion allowing a business model to be properly developed. If there is no clear, thought-through process to make appropriate funding available, the huge cuts in Government funding for the third sector may not only put at risk the services provided by voluntary and civil society groups on which so many of our constituents rely, but hold back the growth of the social enterprise sector.

It is, I would gently suggest, not enough for the Government to talk about a strategy for social investment. I do not doubt the Minister's commitment to growing the market for social finance, and the Government's interest in social impact bonds and support for the big society bank—both Labour ideas—are welcome, but when those initiatives are set against the scale of the cuts in direct funding from national Government and, as a result, local government, there seems to be little hope that the social finance market will have grown sufficiently robust to replace the estimated £3.2 billion—possibly as much as £5.1 billion—of direct funding that will be lost. That estimate of the potentially huge loss to the third sector over the coming comprehensive spending review period was provided by the independent analysts New Philanthropy Capital.

Richard Fuller (Bedford) (Con): I am listening to the hon. Gentleman's speech with great interest. He is making a point not only about the need for a strategy, but about the impact of cuts in the near term. Does he agree that, in essence, the Bill in its present form retains the opportunity to support social enterprises, and that the Social Enterprise Coalition and other leaders of social enterprises support it?

Mr Thomas: The hon. Gentleman makes a valid point when he says that the Bill, although its scope is substantially restricted, offers some opportunity for progress to be made in support of social enterprises. The Opposition welcome and support that, but, as my right hon. Friend said, this Bill provided the Government with an opportunity to be far more ambitious in scope, and it is a tragedy that the Minister has not been able to persuade his colleagues in Government to support the more far-reaching measures.

New Philanthropy Capital has assessed the funding situation facing the voluntary sector in the coming years. It noted how the scale of the cuts would be far too big for public foundations or other forms of philanthropy to be able to compensate for, and also noted that charities funded by local authorities, which will bear particularly heavy cuts, are at great risk. The Minister will not, I suspect, be surprised by these difficulties facing the third sector, especially those resulting from the Government's cuts on local authorities. This is yet another example of their cutting public spending too far, too fast. I am sure the Minister will know about the cuts at Hillingdon Community Transport, Hillingdon Law Centre, Hillingdon Arts Association and Hillingdon Women's Centre. Those are just a few examples of local organisations that are being affected by the coalition's economic strategy.

Social enterprises that trade directly with the public are all too aware of the extremely difficult trading environment on the high street. The latest news, which came out today, is that Sir Philip Green is having to axe a whole series of shops. That proves the error of the Government's economic strategy, and if his business is facing such difficulties, it is unsurprising that social enterprises that trade with the public are also experiencing falling incomes. The crisis facing the economy, and therefore the circumstances facing social enterprises trading with the public, are yet another reason why the Chancellor should consider introducing a temporary cut in VAT and adopting the plan B proposed by the shadow Chancellor, my right hon. Friend the Member for Morley and Outwood (Ed Balls).

10 am

New Philanthropy Capital also noted concerns for the third sector in respect of threats to cash flow from changes to commissioning and contracting arrangements. It points out that the shift of responsibility for commissioning from primary care trusts to GPs will create uncertainty, and the shift to payment by results could result in many social enterprises being paid for services in arrears, thereby putting strain on their cash flow. Access to grants will be important in future, and a clear, sensible, properly prepared strategy could help to ensure resources are used appropriately to support the Government's objective of encouraging more social enterprises to flourish.

The second element of our proposed Government strategy to support social enterprises would be a focus on commissioning. Properly organised commissioning, with well-designed contracts and commissioners who understand the sector, could be a very important element in a successful strategy to develop the social enterprise sector.

Apart from the provision of a small capacity-building pot, it is unclear whether the Government have thought through how to get the well-trained commissioners they need, or how to get the support to the social enterprise sector that will be needed if social enterprises are to benefit from commissioning opportunities in the future. Claire Dove, chair of the Social Enterprise Coalition, said in evidence to the Public Administration Committee that uncertainty in commissioning was a key concern of the sector.

The Work programme is a classic example of a poorly designed commissioning process. The Minister for the Cabinet Office and Paymaster General claimed that 35% to 40% of the value of the contracts under the

[Mr Thomas]

Work programme would go to third sector organisations such as social enterprises. That has not happened so far. Indeed, a recent report by the National Council for Voluntary Organisations, which represents more than 8,500 social enterprises, charities and voluntary groups, highlighted its members' concerns about commissioning under the Work programme and the referrals that they were, or were not, getting. It stated:

"There have been a number of CSOs who are operating as 'specialist' or 'tier 2' providers that have not yet received any Work Programme referrals".

It also noted wider concerns about the structure of the Work programme:

"While one of civil society's strengths lies in specialist support for harder to reach customers, confining CSOs to these smaller contracts could compromise the long-term financial resilience of some organisations and their capacity to participate in future service delivery."

In August and September the Association of Chief Executives of Voluntary Organisations conducted a survey of 155 third sector organisations that are Work programme subcontractors. It found that many had not yet received any referrals. The London Voluntary Service Council reported similar findings in its recent survey. It said the vast majority of specialist tier 2 providers in London had had no Work programme customers. The lack of a proper strategic framework for the commissioning of services from social enterprises has resulted in a poorly designed programme that is not likely to lead to the desired benefits to social enterprises.

This is of concern not only to Opposition Members. Baroness Stedman-Scott is, I understand, a Conservative peer, but she raised concerns in an article that appeared in *The Guardian*. She is chief executive of the welfare-to-work charity, Tomorrow's People. It is having to close three offices, lay off a considerable number of staff—almost 30% of its work force—and halve the number of unemployed people it helps get into work each year from the current figure of 8,000, all because of fall-out from the Government's Work programme.

The Government have not properly thought through how to make commissioning work for social enterprises and the third sector. They must do so. If the Work programme examples I have given have not convinced Members of that, let me also give examples involving the national health service, such as the commissioning experience of Central Surrey Health, an employee-owned organisation that was awarded the first ever big society award by the Prime Minister. The Minister for the Cabinet Office and Paymaster General declared it to be a classic example of the big society in action, yet in September it was announced that Central Surrey Health had lost out on a major NHS contract to a private company, Assura Medical Ltd, which is owned by Virgin Healthcare. I understand the Minister answering today's debate has said since our Committee discussions that that was "just tough", and that it was in the nature of competitive tendering, although I also understand he later accepted that there is not yet a genuinely level playing field for third sector organisations such as social enterprises wanting to compete with private sector organisations.

Hazel Blears: I wonder whether my hon. Friend shares the following concerns, particularly in respect of the national health service. If it is truly to become the biggest social enterprise in the world, as the Secretary of State for Health has said, there needs to be a lock on public sector assets that have been paid for by taxpayers, so that they are not transitioned into the private sector. That has already happened in some instances. I have made that point to the Minister on several occasions, and I am very concerned that public assets will be transferred to private companies, making private profit for people in the private sector.

Mr Thomas: I entirely agree with my right hon. Friend. It is precisely because of the concern she has raised on this issue—and the support she received, including from Members of the coalition parties, in Committee—that I propose a revised definition of social enterprise in this new clause. It seeks to provide in legislation the asset lock facility. Central Surrey Health is owned by the nurses and managers who work in it, and it was the first employee-owned spin-out from the national health service—that occurred back in 2006, under the Labour Government. It is a classic employee mutual. The Cabinet Office has confirmed that Central Surrey Health has delivered substantial improvements in quality and efficiency in the services provided. However, it would appear that quality counted for far less in the tendering exercise than the ability to raise capital.

The chief executive of Social Enterprise UK, Peter Holbrook, put it as follows:

"If Central Surrey Health, the government's flagship mutual social enterprise, which has demonstrated considerable success in transforming health services, reducing waiting times and increasing productivity can't win"—

in a commissioning contract process—

"what does this say for the future of the mutuals agenda?"

He went on to say:

"Public sector workers will be understandably anxious about spinning out from the NHS and setting up a social enterprise on the back of this news. The government needs to take action to reassure them that they will not be operating in markets weighted against them."

The thought, consultation and preparation required in a proper strategic review of how to support social enterprises might begin to give those public sector workers the confidence they need to be part of employee spin-outs.

The sense that nobody has a proper joined-up grip of how to transform commissioning has perhaps left many public sector workers sadly sceptical about being part of creating an employee mutual. The Minister for the Cabinet Office and Paymaster General has bravely pledged that by 2015 the country will have 1 million more public sector workers in mutuals. I have tabled parliamentary questions asking each Department how many applications Ministers have received from employees to run services for which their Department is directly responsible. Sadly, the overwhelming majority of Departments had received absolutely none.

A strategy for social enterprises could also explore where and how social enterprises can get the advice, the support and even the training that they need in commissioning, and in the legal and human resources issues that they would face, for example, in respect of TUPE. Where do social enterprises go for that support now? Clearly they can go to the excellent Social Enterprise UK or Co-operatives UK, but are they well enough funded for the scale of the Government's future ambitions? I pose that question in the context of Rise, the south-west

social enterprise agency, having decided to close its doors because of a lack of income. As a result, there is understandable concern that Ministers have not thought through the external support required to grow the social enterprise sector. Social Enterprise UK has suggested that there should be more social enterprise hubs offering a combination of business support, shared work space and peer support to support the growth of the sector. That is a very interesting idea, and if there were to be a proper strategy, the Government could explore it in more detail.

What thought have the Government given to encouraging the growth of social enterprises to take on tasks that have traditionally been the preserve of the private sector, for example, in the areas of finance or energy? The Government want social enterprises to help them to roll back the state, but have they thought through the opportunities for social enterprises to do more in those traditional private sector areas? Let me give one example. Access to loans and the level of personal debt have been issues of huge concern across the House. Social enterprises that do not need to fund profits for shareholders could offer cheaper loans and could do so in areas where traditional businesses might not operate. Credit unions are a powerful example of the potential in that area. The London Mutual Credit Union, which I believe operates in Southwark and Lambeth, wants to offer a cheaper payday loan in competition with similar private sector products and it would charge far less than the very high rates of interest that private sector payday lenders currently offer.

10.15 am

Similarly, we need to see an increase in access to renewable energy. Why can such energy not be generated by social enterprises, with the profits reinvested into the very communities that are home to the sources of such energy? Baywind Energy in the Lake district is one such social enterprise—it is a co-operative. The Government could use the opportunity of a national strategy to set out how they can support, and even whether they would encourage, the growth of social enterprises in areas where big energy and big finance have previously operated largely unchallenged. A proper strategic look at the opportunities for social enterprises outside the public sector might identify new areas of opportunity that well-designed assistance from Government might help to come to fruition.

The National Institute of Adult Continuing Education recently produced a sensible and thought-provoking analysis of the role of education and learning in the big society. It makes the perfectly reasonable point that structural inequalities arising from social class, income levels and job status or prospects, and from issues relating to age, gender, race, faith and disability, can present complex barriers to participation in civil society. It also says that inequalities in skills can have a negative impact on levels of civic participation and, thus, on the readiness of some to play a part in forming social enterprises. NIACE highlights the learning needs of public sector employees who want to form a spin-out enterprise, saying that they will need expertise in service design or in understanding different business models. The question that NIACE's work raises is: where will the learning come from to meet those needs? Where will the support come from to meet those educational challenges?

Again, a proper, well-thought-through strategy might consider how to ensure that all communities are covered and monitored, and that the characteristics of areas and authorities where fewer social enterprises were being developed were thought about, understood and considered for further support. A strategy would also think through what roles other non-Whitehall players could play in the Government's ambition for more social enterprises. Further education colleges could perhaps play a role in meeting the training needs that I have just described. Key voluntary sector bodies could perhaps offer further support, and NHS trusts, foundation trusts and mutuals that are already part of the third sector in that sense could certainly have a role to play in supporting further NHS spin-outs. A strategy could help to lock in those key non-Whitehall players to help grow the social enterprise sector further.

Mike Freer (Finchley and Golders Green) (Con): Before we move off new clause 1, may I draw the House's attention to subsection 5(b), which contains a definition of "social enterprise"? As I read it, Barratt Homes would qualify here, because one could argue that by building houses it is improving social infrastructure; the provision of affordable homes meets the criteria. Section 106 agreements, which provide affordable homes for rent, housing facilities and health facilities, all meet those criteria. In addition, the definition could exclude those seeking to provide fair trade services, because they do not provide or improve social or environmental well-being in the United Kingdom. Will the hon. Gentleman clarify how that provision would actually be applied? Would it not, in fact, open the door to every business?

Mr Thomas: The hon. Gentleman makes an interesting point about Barrett Homes. I draw his attention to subsection 5(d) of new clause 1, which refers to the business being

"majority-owned and controlled in the interests of improving the social or environmental well-being of the United Kingdom."

Given that Barrett Homes has a substantial shareholder base, it would be difficult to justify in any court of law that it met that definition.

The hon. Gentleman's interesting point relates to Fairtrade, too, and if the Government accept the new clause, a small amendment in the other place could help to ensure that Fairtrade organisations were not excluded. I am open to the idea that his suggestion might work and I gently suggest that it would require the Minister to have a slightly more open mind than he demonstrated in Committee. Perhaps the hon. Gentleman will have more luck in encouraging the Minister behind the scenes than I did in Committee.

New clause 2 highlights the key role that local authorities will play in helping to grow the social enterprise sector. Indeed, many of the representations I have received about the Bill stress the importance of local authority commissioners for social enterprises. A requirement for a proper strategic look at the needs of social enterprises in each local authority area would mean that Conservative councils, desperate simply to privatise services, would have to at least to consider the merits of the social enterprise sector. They would do well to look at the example of the many Labour-run co-op councils around the country that are already doing much to encourage social enterprises to develop.

[Mr Thomas]

In Committee, a number of Members noted the danger of strategy documents gathering dust and achieving little, which none of us in the House of Commons would want to see. I accept that that is a risk, and new clause 3 is designed to help minimise that risk. I have been struck by the enthusiasm of many of the organisations included for consultation on new clause 3. New clause 3 requires an annual report to be laid before Parliament with the clear involvement through consultation of a diverse range of representative bodies from the sector and others, such as the National Audit Office, which, if it wanted to do so, could comment effectively on the success or otherwise of the commissioning for social value part of the Bill. The Charity Commission would be able to provide a view on the effectiveness of the Government's strategy to encourage further charities that are social enterprises, while the Office for National Statistics clearly needs to be encouraged to develop statistics to enable the sector's strength and performance to be properly understood.

Evidence-based policy making and proper evaluation of what has worked and what has happened so that one can learn from mistakes is surely always a sensible approach for Ministers and Parliament to encourage. The National Council for Voluntary Organisations, the Association of Chief Executives of Voluntary Organisations, Social Enterprise UK and Co-operatives UK are all strong, excellent bodies that could offer insightful comments to help Ministers and, crucially, Parliament, to assess the effectiveness of the Government's policies for encouraging the sector to grow.

I was struck by the recent Public Administration Committee's report "Change in Government: the agenda for leadership", published in September. The Committee noted the Prime Minister's promise on, among other things,

"re-empowering...communities as part of the 'Big Society'".

Two paragraphs on, it stated:

"The principal message of this report is that unless there is a comprehensive change programme for government, there will be little of the real change"

that the Conservative manifesto promised. There are three new clauses before the House today that all offer the chance of that comprehensive change programme for social enterprise to be embedded across Whitehall.

My final point on the three new clauses is to draw the House's attention to the new suggested definition for the sector. In Committee and in her intervention today, my right hon. Friend the Member for Salford and Eccles (Hazel Blears) rightly raised the issue of an asset lock to protect taxpayers' assets to stop them simply being transferred to the private sector. In Committee, my right hon. Friend received support for the principle of an asset lock from the hon. Member for Bedford (Richard Fuller) and even from the Minister.

As I said in response to the intervention from the hon. Member for Finchley and Golders Green (Mike Freer), subsection 5(d) of new clause 1 seeks to add a key description to the definition of social enterprise which locks in any public assets transfer to the social enterprise. That matters because the Opposition remember the bus privatisation scandal of the 1980s. The bus industry was transferred lock, stock and barrel from public ownership to employee mutuals. It was not that long before the employee mutuals handed themselves over to what had become big corporate bus businesses. Those businesses gained the assets on the cheap while the community and employees lost some of the social value implicit in those public assets, which were taken out as profits of those private businesses to reward their shareholders.

I do not criticise the entrepreneurs who set up and now run the bus industry, as the rules at the time allowed them to do what they did. I am certainly not against privatisation. It has its place, although that is not everywhere and not all the time. If that is the Government's intention for an industry or a particular part of a sector, however, we should have proper, transparent debate about its merits.

Dr Thérèse Coffey (Suffolk Coastal) (Con): I appreciate the point made by the right hon. Member for Salford and Eccles (Hazel Blears) about how some overage must be retained by the taxpayer when surpluses are gained later, but the hon. Gentleman is rewriting the history a little, I think, of the effect of bus privatisation. I remember that when I was a schoolgirl in Liverpool the introduction of choice and competition meant that we had better services, not worse, as a result of the privatisation.

Mr Thomas: My recollection is slightly different; we remember that in the 1980s there were substantial cuts in bus services after privatisation. Arguably, that is not the point. The key point is whether the assets should remain in the ownership of the public sector or, if not, in that of members of the public who are combining in a social enterprise. The asset lock clause seeks to achieve just that.

Ian Murray (Edinburgh South) (Lab): I thank my hon. Friend for allowing me to make a small contribution on this point. The publicly owned bus company in Edinburgh, Lothian Buses, has won bus operator of the year for five of the past 10 years. It is 90% owned by the city of Edinburgh council and 10% owned by each of the surrounding authorities in the Greater Edinburgh area, including Midlothian, East Lothian and West Lothian. That investment in public buses has made it one of the best bus companies in Europe—holding fares down and being responsive to local communities. I wholeheartedly agree with what my hon. Friend has just said.

Mr Thomas: My hon. Friend makes the interesting point that public sector-run organisations can be extremely successful and often are extremely efficient. The key issue we focused on in Committee is that when assets are transferred out of the public sector we need to ensure that if they have been built up over the years as a result of taxpayer investment, there will be proper protection for the social value that the assets have generated. My revised definition of social enterprise seeks to achieve that objective.

The last amendment on which I want to focus is amendment 1, as the others are all consequential on the three new clauses. Amendment 1 would ensure that the one part of the original Bill to which we know the Government are committed is widened in scope. The

Government want and the Opposition support further reforms to the public procurement process to encourage the Government in their various forms to take account of wider economic, social and environmental well-being in the commissioning process.

10.30 am

The Bill places a duty on all commissioners in contracting authorities to consider how to improve social, economic and environmental well-being in services-only contracts that have a value above the EU procurement threshold and are at their pre-procurement stage. What was striking about the Minister's comments in Committee—I say this gently and with affection—was the vagueness of his explanations as to why the pre-procurement stage is the only stage covered and why only services are covered. Let me give the House a flavour of the exchange that took place, provoked largely by my right hon. Friend the Member for Salford and Eccles and my hon. Friend the Member for Stretford and Urmston (Kate Green). The Minister said:

"I stress that it is not the Government's intention to suggest that there would not be benefits in considering wider value in other forms of contract, but we do not believe that they warrant legislation at this time."

What he did not or would not explain was why the scope of this key, crucial clause should cover only services—although I accept that goods could be covered if the contract was primarily for services. In Committee, he forced through amendments that prevented the Bill from covering contracts for goods or for work.

Hazel Blears: My hon. Friend will recall that in Committee I raised the example of B4Box, a construction social enterprise that refurbishes houses, does construction work and employs people who have a difficult and troubled employment history. The Minister was unable to satisfy me at that time—and I have heard nothing since—about how that amazing social enterprise could be covered under "social value", because it deals with goods and services, and sometimes the goods might well exceed the services.

Mr Thomas: My right hon. Friend made a very valid intervention in Committee on exactly this point, and I shall return to that issue in a moment.

The Minister also said in Committee that he wanted to

"strike a proper balance between our"—

the Government's—

"objective to encourage more commissioners to think about wider values, such as social and environmental values, in their considerations, and our determination to try to streamline the process and to reduce the number of additional duties on commissioners." —[*Official Report, Public Services (Social Enterprise and Social Value) Public Bill Committee,* 19 October 2011; c. 19.]

However, he did not explain why it is reasonable to encourage commissioners to think about social value in the context of services but is unreasonable to ask the very same commissioners—as it is usually, although not always, the same commissioners—to think about social value when awarding contracts for work or, crucially, for goods. Will he clarify a little further how he arrived at the view that services could be covered but that contracts for work and for goods should not be covered? Was there a discussion across Government in which he lost out? Perhaps the Secretary of State for Communities and Local Government saw this as a step too far. I note that there was a huge gap between the Bill's Second Reading and Committee, which suggests there was a fairly intense debate behind the scenes in Government—was it on this issue?

If there was not a political problem in Government about the inclusion of contracts for work or for goods, perhaps there was some research basis for suggesting that only contracts for services mattered in legislative terms for encouraging and embedding that concept of social value in commissioners' thinking. If that is the case, will the Minister enlighten the House as to the research evidence in question? The whole House believes in transparency and I am sure that we all want to see clear, evidence-based policy making. Will he tell us with whom he discussed such research, if it exists? Was it with Social Enterprise UK or with Co-operatives UK, either of which would have been a logical choice? Was it with the Charity Commission or just with officials? It would be helpful to know the thought process he went through in deciding to omit contracts for work and contracts for goods from the scope of the Bill so that not only those of us in the House today but people in the third sector, particularly public sector commissioners, who consider our debate can better understand what is expected.

During our Committee discussions, my hon. Friend the Member for Stretford and Urmston highlighted the issue of books and publications, which are goods, and the fact that publications providing information about the social security system are arguably providing a service. She noted the potential dangers of confusion and difficulty for commissioners with contracts for goods being excluded from the Bill's scope.

My right hon. Friend the Member for Salford and Eccles raised in Committee the issue of construction, as she has just done, and whether it would count as a service, a good or work. I gently point out to the Minister that he did not answer her question on that. Following our Committee discussions, I have received further representations suggesting that construction contracts could be outside the scope of the Bill. The organisation in question suggests that legal advice might be necessary, but surely the Minister, having had so much advance notice of the concerns of many Committee members on this issue, can clarify the situation today. I have also received representations that if the Bill covered the provision of food, furniture or plants, the civil society organisations bidding for contracts would be more likely to benefit from the socially and environmentally responsible manner in which those goods are or could be produced.

Similarly, I have received representations suggesting that statutory guidance and training are required on how and where social value can legitimately be considered and inserted into tender specifications. Does the Minister intend to bring forward such guidance for commissioners and for those third sector organisations, social enterprises and others that could benefit from this clause? The Bill could achieve so much more. My amendments seek to do justice to our debates in Committee and, above all, to the huge potential that social enterprise and social value offer.

Chris White (Warwick and Leamington) (Con): I thank all those who have enabled the Bill to get to this stage today. It is a rare feat for a Bill to go this far and it

[Chris White]

is a credit to all the political parties and Members who have been involved in the process that so much has been achieved. I again thank the Parliamentary Secretary, Cabinet Office, my hon. Friend the Member for Ruislip, Northwood and Pinner (Mr Hurd) and the hon. Member for Harrow West (Mr Thomas) for their continued support for the principles enshrined in the Bill.

It is wise, at this juncture, to take a step back and remember what has been achieved so far. During the Bill's progress through Parliament there has been significant national debate on the way that public money is spent. Across the country, local authorities, public sector commissioners, charities, social enterprises, chambers of commerce, community groups and politicians have been seriously considering how we should commission the services we need. In addition, all the political parties have signed up to the principles of social value commissioning. That cross-party support has been one of the most distinctive features of our deliberations on the Bill.

We are very close to being in a position to send out a message to commissioners across the country that we want to do things differently and that although we consider value for money as being important, we mean "value" not in its narrow sense but in its true sense—recognising the importance of social, environmental and economic well-being across our communities and in our lives. This has been welcomed by organisations throughout the country. Only this week a letter from the chief executive of Social Enterprise UK in support of the passing of the Bill was signed by the Association of Chief Executives of Voluntary Organisations, Action with Communities in Rural England, CAN, Children England, Co-operatives UK, Community Matters, Locality, the National Association for Voluntary and Community Action, the National Council for Voluntary Organisations, the National Council for Voluntary Youth Services, the Race Equality Foundation, Urban Forum and Social Firms UK. That is just the tip of the iceberg.

Across our communities, thousands of organisations are looking to us here today to give them a vote of confidence. Yes, we want to see those organisations able to deliver more of our public services. Yes, we want to support them doing the excellent work that they do. Yes, we appreciate the extra miles that they go to support our communities. The biggest show of support that we can give to these organisations is to pass the Bill today.

I appreciate that the hon. Member for Harrow West has only the best of intentions for the Bill. I am pleased that many hon. Members have taken the opportunity to engage seriously and considerately in the process leading up to today, and have sought to do what they can to help make the Bill a success. Every single Member of Parliament who has participated in discussion of the Bill should be proud of the role they have played in ensuring that we do something positive for charities, voluntary organisations, small businesses and social enterprises, but we cannot allow the best to become the enemy of the good.

I recognise that the shadow Minister is seeking to return to some of the clauses that were included in the original Bill, and I sympathise. Of course I want to see, and I believe we all want to see, a more strategic approach to supporting social enterprise in local and central Government. I believe, like him and like most of those in the Chamber, that social enterprise is the way forward and that social enterprise is good for our communities, but the best thing we can do for social enterprise is to focus not on reports or strategies, but on social value. Social enterprises, like other organisations, want more than words. They want concrete action, and the Bill has the potential to deliver that action.

In 2006, the then Parliamentary Secretary, the Cabinet Office, now the Leader of the Opposition, the right hon. Member for Doncaster North (Edward Miliband), produced a social enterprise action plan through the Office of the Third Sector. The action plan outlined 24 separate actions that it wanted to achieve, but nearly half of them were never acted on. That is not to say that we should not have strategies and plans, but strategies and plans by themselves do not necessarily lead to actions that benefit those whom they are meant to support. The social enterprise sector, like voluntary and community organisations up and down the country, see the Bill as a positive action that we can take today that will directly help them and potentially help thousands of others in the years ahead.

The social value aspect has always been the most important part of the Bill, and I am sure that all hon. Members recognise how imperative it is that the Bill goes through with that social value section intact. We should also remember that the Bill in no way prevents the Minister, his successors or local authorities from producing their own action plans and strategies to boost social enterprise, and if they were to do so, they would find in me one of their strongest supporters.

We should recognise that a great deal of the ideas generation that the sector needs comes from within it. The Social Enterprise Coalition, as it was before the last general election, produced an excellent manifesto for social enterprise which outlined a range of specific measures that could be taken to support the sector. We should take on board those ideas and encourage central and local government to work with organisations such as Social Enterprise UK and their regional bodies, to keep a constant dialogue going about how to boost the sector. However, if we are faced with the choice of having strategies within the Bill and it failing, or having strategies removed and it passing, I think we all know which is the more important. This is an opportunity that we simply cannot afford to miss.

10.45 am

The Minister made it clear in Committee that he did not support the extension of the Bill to all public sector contracts and wished to limit it to services. I appreciate the reasons that he gave for that, and although I am sure he would join me in wanting all commissioners actively to consider social value in all contracting—goods, services or works—it is better that the Bill covers services rather than nothing. We need to be practical and pragmatic in the way that we consider the legislation. This is one step on a journey, and we should ensure that we take this first positive step before we rush ahead and potentially trip ourselves up.

I know the hon. Member for Harrow West's reasons for tabling amendments to re-open the scope of the Bill, but I believe that we need to secure and consolidate what we currently have, and leave discussions about

goods and works for another day, hopefully when we have seen the Bill passed with cross-party support, seen its implementation and are able to look back at its strengths and weaknesses. We are on the cusp of achieving great things here today, and I believe that it would be remiss if the House were to fail to pass the Bill. If we were to throw away the opportunity to transform our procurement system, if we were to fail the various sectors supporting the Bill, and if we were not to honour the trust that they have placed in us to get it through this place, we would create a disappointment that would last for many years.

Hazel Blears: The hon. Gentleman has shown a great deal of courage, determination and tenacity in getting his Bill this far, and he will certainly have my support. He was speaking about the sector being disappointed if the Bill does not pass. Would he admit to a tiny degree of disappointment himself that his original Bill, which I believe was tremendous news for the social enterprise sector, has been reduced in scope, in scale and in effect by the Government?

Chris White: I thank the right hon. Lady for that intervention. I appreciate the tremendous work that she has put into getting the Bill to this stage. All the work that she does with social enterprises is well recognised. Do I feel a touch of disappointment? I am a practical and pragmatic person. I want to see something that works, something to build on. That is why I am making the remarks that I am.

Mr Thomas: Will the hon. Gentleman give way?

Chris White: I am about to conclude.

I appreciate that we all have a duty to ensure that the best legislation gets through the House. It is true in this case that some legislation is better than no legislation. This is a chance for us to send a message that when it comes to these important issues, we can all work together, we can prevent politics from getting in the way of good policy and we can be trusted to do the right thing when the time comes. I hope that given the hon. Gentleman's well-documented support for the principles of the Bill and for the social enterprise, voluntary and community sectors, he will withdraw the amendments today so that we can push forward with much-needed reform of procurement. This is a chance that we may not get again for some time, so let us take it and see the Bill through to the other place and from there, we hope, on to the statute book.

Hazel Blears: I support new clauses 1, 2 and 3 and the amendments tabled by my hon. Friend the Member for Harrow West (Mr Thomas). They are excellent amendments that enable us to debate how we want to see things develop, even if the Bill passes today, as I hope it will, in its current truncated form.

The Bill originally had five clauses. It contained a specific commitment to a national social enterprise strategy and strategies for local authorities. I said on Second Reading, some time ago, that I thought the Bill was small but perfectly formed, and that if it went through in that form, it could have a transformational effect on the commissioning that took place in our public authorities.

This is no judgment on the hon. Member for Warwick and Leamington (Chris White), but I am afraid that the Bill in its current form represents a huge missed opportunity to drive forward with momentum and impetus the growth and flourishing of the social enterprise sector. The original Bill would have tilted the scales in favour of social enterprise through social value and economic, social and environmental well-being. That would have sent a strong message to public commissioners that the Government really wanted to put their weight behind it as commissioners and would have produced quite a transformational effect.

The hon. Gentleman's original clauses about a strategy have been deleted. I have no time for strategies that are just pieces of paper, because in my experience harnessing the full power of every Department requires a central spine that says to those Departments, "This is what we want to do. We will hold you to account. We want to see what you have done over the past 12 months and how you can take it forward." I worry that without such a mechanism the push towards social value commissioning will be taken up only by the best local authorities, which are good at commissioning and understand, particularly in areas such as social care and education, that social value means more impact for the money spent. Good local authorities understand that and are becoming quite complex commissioners. They are commissioning with the users and clients involved and going out to the public and asking what they want to see. That is a holistic approach to commissioning.

However, as I mentioned in Committee, I am worried about the local authorities that lack the capacity, skill and understanding to carry out complex commissioning. The Minister gave some assurance in Committee that there would be support for those local authorities to ensure that they can take this forward. What the Bill says is really good, but I fear that it will fall somewhat short of the transformational effect that the hon. Member for Warwick and Leamington wants to achieve.

The annual report proposed in new clause 3 might be dismissed by some as bureaucracy, but I know from my experience in government that requiring Ministers to come to the Dispatch Box once a year to report on what they have done and what the impact of that has been is a tremendous discipline to ensure that during the rest of the year they ask for regular reports and push for implementation. Unless there is a way of measuring and evaluating the social value achieved through a change in the commissioning process, I do not think that we will see the results that the hon. Gentleman talked about.

The hon. Gentleman says that he is pragmatic and practical, to which I can attest. My view is always to get what one can and then build on it incrementally, and I think that that is probably where he is now. However, I think that he is also quite determined to make a change, so I ask him to press his right hon. and hon. Friends in the coalition Government to say how they will measure social value and assess what difference it has made. In a year's time, more commissioning will have social value at its heart. What work are we doing to hone in on how we measure social value so that we get a grip on this, because otherwise it will remain a fairly nebulous concept that is very easy for people who do not share the values to wriggle out of? I am sure that that is not what he wants.

Richard Fuller: The right hon. Lady has a lot of support for the work she has done in her career to support social enterprise. Will she add to her point about urgency and immediacy the fact that social enterprises provide one of the most exceptional ways to enhance productivity in public sector areas? As we are looking for the opportunity to grow our economy, it would be beholden on the Government to make every effort to look at ways in which social enterprises can enhance the productivity in that sector of the economy.

Hazel Blears: I absolutely share the hon. Gentleman's point. The economy is difficult, there is less money around and public authorities have less resource to spend, so we must ensure that we get as much value as possible out of every pound we spend. The social enterprise sector is often very innovative and comes up with new ways of working and doing business, and that has been one of its particular advantages. There is good innovation in the public sector, but small organisations that have a complete passion for something will often take the system apart, look at how things are currently done, and get more value and productivity.

Mr Nuttall: I entirely agree that there are many instances of innovation in some public sector organisations and in social enterprises, but does the right hon. Lady agree that there are also thousands of examples of innovation in the private sector?

Hazel Blears: I entirely agree. I was about to say that this is not just about the social enterprise sector. One of the good things about the Bill is that it is about social value wherever the commissioning take place, whether in the public sector, the private sector or the voluntary and community sector. There was perhaps a tendency in the past to limit social value to a particular niche in the market for the voluntary and community sector. That sector does fantastic work, but not exclusively. If we can get social value into some of the big private sector organisations, we will see more productivity and a greater impact. A range of large corporate organisations are recognising that doing good is good business. Getting that combination of people using their existing business model to achieve social action and social change is a big movement in this country. We have heard talk about responsible capitalism. There are moments when something happens in society, and I think that we are at one of those moments. Many big organisations have recognised that for their own sustainability—not for charitable purposes, but to do good business—using their procurement, supply chains, product development and investment for social action in communities will be very beneficial. I think that there will be a move from the traditional concept of corporate social responsibility of doing some charitable work once a year to embedding a social action model at the heart of business, small and large, in this country. It is a development that I welcome hugely.

I want to make a few comments about that change. The amendments that my hon. Friend the Member for Harrow West has tabled refer to the definition of social enterprise, which is important, and I hope that the Minister will address it, but I also think that the system currently has barriers to big corporations taking the agenda forward. If we are to have commissioning in the private sector that focuses on social value, we need to think about that. A social enterprise called Create opened its doors in my constituency only a week ago. It provides work opportunities for young people and older people who have been homeless. It brings them through a production kitchen to gain catering skills and provides outside catering services. It is a business that describes itself as being "for more than profit", which I think is an interesting description. It started in Leeds and also operates in Doncaster, Liverpool and, now, Salford. In Leeds it now runs a five-star, top-class restaurant—a little like Jamie Oliver's Fifteen—which teaches homeless people catering skills. It has a relationship with Morrisons supermarket, and if the people it trains do not go into catering, they are often job-ready and can go into the world of work. That fabulous partnership works for everyone involved and, increasingly, big companies want to work in that way.

Perhaps the Bill can do something to say to the private sector, "Commissioning for social value is good business for you." John Lewis and the Co-op have done that for decades, but I want us to be able to have a range of different examples that are big in retail, manufacturing and the important sectors of our economy that use the power of their businesses, whether employing former offenders and people who have had difficulties in their lives. That is why I pressed the Minister on whether we can have goods and services, because I think the artificial distinction that this is just about services could limit the ability of the big corporate sector to come into this field. That is something that he might think about remedying if there are legislative opportunities in future.

When I pressed the Minister in Committee on whether there ought to be a definition of social enterprise, I was grateful for his answer:

> "The right hon. Lady's fundamental point is right...there is a spectrum, from pure charitable activity to social businesses. Some blurring of lines might not have mattered until now. She may be right that we have reached the point at which some definition in law is needed."—[*Official Report, Public Services (Social Enterprise and Social Value) Public Bill Committee,* 19 October 2011; c. 16.]

He indicated that, in the review of charity law, there were perhaps two legislative opportunities for that.

11 am

Will the Minister confirm that such a definition is still firmly on his agenda? As we expand the sector and enable the NHS to establish a range of social enterprises, a definition is essential—not a definition that is a straitjacket or exclusive, but a definition that makes it clear to people what we mean by a "social enterprise".

The Social Enterprise Coalition has done a huge amount of work on what that definition might look like. It talks about organisations that have a clear social or environmental mission, generate the majority of their income in trade and, crucially, reinvest the majority of their profits for community benefit, and organisations that are autonomous and independent, majority-owned and controlled in the interests of their social mission, and accountable and transparent. Those criteria would be a good way of putting into legislation any definition that we might end up with.

That would be important, because there is a tendency for people who do not meet those criteria to badge themselves as social enterprises, and many people in the social enterprise sector feel that the brand—if we like—that they have built over the past 30 or 40 years is being tarnished by people who pretend to be social enterprises

because they think it will get them into the commissioning framework and reward them with contracts. It would be important also for the public to know that when we are commissioning, with their money through public contracts, we are attempting to achieve the maximum social value.

I obviously support the Bill, and I am delighted that we have managed to shepherd it through its various stages. The hon. Member for Warwick and Leamington has done a marvellous job in getting it so far, and for a relatively new Member to have the opportunity, in a private Member's Bill, to change the law is incredible. I, like him, do not want the best to be the enemy of the good; I want to see whether we can make a start.

But this is only a start, because when we look at the public services White Paper and at transforming public service delivery with many more providers in different organisational shapes and forms, and when we use public money in particular to commission services, we have a responsibility to ensure that at the core of such work is not just the bottom line or the maximisation of profits for the private sector, but the achievement of as much social, economic, and environmental impact as we can. If we do not do that, we will miss a real opportunity for transformative change.

The Bill provides a chink of light, but there is the opportunity to do much more, and I hope that the Minister, in his term of office and in his current post, will be able to take the agenda forward. I genuinely think that he supports what we are trying to achieve, but I know that he will struggle with parts of government which find the whole idea of social value and social enterprise anathema. I well remember 10 years ago, as public health Minister, talking to the NHS and to the Department of Health about involving patients, about social enterprises and about different ways of doing our business, and they looked at me as if I was slightly unhinged.

Those organisations understood the public sector perfectly well, as they had been running a huge monolithic NHS for ever, and they understood the private sector perfectly well, too, because they understood private companies; what they did not get, between those two models, was the range of organisations that over the next 10 years all of us in our own ways would help to bring to the surface.

This Bill is an opportunity to highlight that issue, and I urge the Government to go further and faster—on this agenda, rather than on their economic agenda—[HON. MEMBERS: "Ah!"] On this agenda, they are probably going too slow, and not deep enough! That is not quite as catchy as "too far, too fast", but on this agenda there is a need to go faster, deeper—madder, truly, whatever! I will support the Minister in whatever he can do to strengthen his arm in those debates, and I hope that he will be encouraging when he responds.

Fiona Bruce (Congleton) (Con): May I, too, pay tribute to my hon. Friend the Member for Warwick and Leamington (Chris White) for the foresight, diligence and perseverance with which he has brought forward the Bill? He has already achieved much by influencing mindsets and stimulating public debate, and those involved in the commissioning of and bidding for public services have already become much more aware of the importance of social value to the process. So, even before the Bill has passed into law, I congratulate him on all that he has achieved.

In opposing the new clauses proposed by the hon. Member for Harrow West (Mr Thomas) I must say that if a key aim of the Bill is to stimulate and encourage creativity and innovation in the growth of social value and social enterprise, particularly locally, and if, as I think we all agree, we are on a journey in that respect, much can be achieved, as my hon. Friend has already demonstrated, without unnecessarily defining or delaying the process through a national strategy. Let us get on with it and see the Bill passed into law.

The broad potential improvements and impact of the Bill are substantial. I shall touch on some of them now and, if time permits, on some of the ways in which, in my local authority already, there is refreshed thinking about the importance of considering social value when awarding contracts.

One of the key merits of the Bill is its proposal to expand and embed the concept of social value in the bidding process for public sector funding, and that is true not just when social enterprises are involved, but when private sector providers compete against one another. Providers are likely to lever social value into many more submissions for public funding, and in that respect the Bill will have an exponential effect on the bidding landscape.

The Bill will, I hope, introduce more flexibility to tendering. When I discussed it with the head of CVS Cheshire East, she said that the tendering processes need reviewing and

"need to be relevant to the service that is being commissioned".

She went on to say that

"grants are often used to encourage creative solutions to a need or problem...A tender often doesn't enable this to happen, as the method for solving the need has already been set."

Another way in which I hope the Bill will add social value is by opening up the often complex and baffling area of public procurement to smaller local social enterprises. They work at the grass roots of their community and with an ear to the ground, and they are often best placed to work most effectively for their communities and to add social value by levering in, for example, volunteering, but until now they have felt that the bureaucratic barriers to tendering have been just too great. For local authorities to say, "We welcome you, recognise what you have to offer and are going to proactively work with you through the application process to help you successfully bid," will be a real step change for such enterprises.

Many faith-based organisations augment our local communities, adding so much social value through youth work and work with the homeless, the elderly, the addicted and the lonely and in many other areas, but in recent years they have felt discouraged from applying for public sector funding, perhaps because of concerns that in procurement their ethos does not tick all the right boxes. I therefore hope also that, as a result of the Bill, they will be encouraged to make such applications in future. So often, what injects faith-based organisations with their tremendous energy, dedication and perseverance springs from that very ethos, and in a truly diverse society let us celebrate, not seek to neutralise it, because at the end of the day all organisations have an ethos; none can be wholly devoid of one, or totally neutral. So let us welcome such valuable organisations fully into the public procurement process. The Bill sends out the right signals in that regard, and I welcome that aspect of it.

[Fiona Bruce]

I now quote some specific comments on the Bill from social enterprises in my constituency and cite some examples of good practice among them, showing how very much they welcome the Bill. Plus Dane is a housing association based in Cheshire and Merseyside that manages 12,500 homes and works as a neighbourhood investor. Mike Doran, its manager, who is based in Congleton, said:

"I believe the Bill will be of great benefit both to organisations such as ourselves but also to the wider community of locally based social enterprises...The need to demonstrate social value within procurement activity will ensure that a double bottom line of both economic and social good can be generated."

I congratulate Cheshire East council as a forward-thinking council in this respect which absolutely recognises the value that organisations, community groups and social enterprises can add to our community livelihoods. I am delighted that in the recent past it has worked with Plus Dane on various projects. Plus Dane is delivering grounds maintenance and environmental services to the local authority. It is providing training and work for young people who have been long-term unemployed or have a history of getting into trouble with the law, enabling them to go on to gain full-time employment elsewhere. Plus Dane is working with the council in the provision of house building, with 35 apprentices, and it is supporting the development of a local apprenticeship initiative in Congleton that has involved the chamber of commerce, Congleton town partnership and local schools. This type of project is laudable, and this Bill will encourage a far greater recognition of such partnerships across local communities, which can make an exponential difference.

Another example is an enterprise called Visyon, which provides advice to young people who are suffering from abuse, the results of family breakdown, bullying and so on. It recently acquired devolved premises in my constituency through the local authority community transfer of assets scheme. In this respect, I commend the work of the right hon. Member for Salford and Eccles (Hazel Blears), who did so much to instigate that scheme. The hon. Member for Harrow West, who is not in his place, talked about the possibility of assets going out on the cheap. Visyon has received a local hall that was not being used to its maximum potential. The local authority has awarded it a contract that will enable those premises to support the development of many other groups across the constituency and their work within the local community. It is not about assets being passed across on the cheap but about a broader, better and more beneficial use of those assets for the whole community.

I pay tribute to my hon. Friend the Member for Warwick and Leamington. I feel privileged to have been able to support him on the journey that this Bill has undertaken, and I will continue to do so in future. I look forward to its outworking right across our nation.

Mike Freer: I, too, pay tribute to my hon. Friend the Member for Warwick and Leamington (Chris White) for getting his Bill this far. I characterise the remarks of the right hon. Member for Salford and Eccles (Hazel Blears) in that my business career was in the private sector but I also led one of the larger councils in the country. To be honest, when I first saw the Bill my heart sank, because I shared the prejudices that so many others have had regarding social enterprises. It was only when I started to see the Bill progress and to understand more of what was being done that the scales fell from my eyes and I became a supporter of it. It is better that a sinner repenteth than not change at all, if I may mix that analogy.

Although I support the Bill, I have some concerns that I hope the Minister can deal with. I believe that the definition of "social enterprise" needs to be clarified. As I said in my intervention on the hon. Member for Harrow West (Mr Thomas), there are many private sector organisations that we may not believe to be social enterprises but of which we could argue that part of their business is to improve the social welfare of the United Kingdom, although we may disagree. That is why unless we specify what is a social enterprise—including types of ownership, not just outcomes—we could end up with a lawyers' charter as many companies argue that they have a social angle to their enterprise and should therefore qualify.

11.15 am

Will the Minister clarify whether, when there is a change of ownership, the normal contract rules apply whereby a significant change of ownership means that the contract can be revisited? That should also apply to any contracts let to social enterprises. For instance, Ealing Community Transport, the provider of recycling services to my London borough, was a very good social enterprise that was acquired by May Gurney, a private organisation. Will a social enterprise that ceases to be a social enterprise have to go back through the contracting, and what is the legal position?

Will the local government finance regulations on best value be amended to allow social enterprises that over-bid a private sector organisation to have that contract awarded? Currently, it is very difficult for local authorities to award contracts to a higher bidder without, in some cases, a Secretary of State's approval—as the right hon. Member for Salford and Eccles will know, as many such cases probably came across her desk.

I hope that the Minister will be able to deal with those points. I support the Bill, and I congratulate my hon. Friend the Member for Warwick and Leamington (Chris White) on introducing it.

Mr Nuttall: It is, as always, a great pleasure to follow my hon. Friend the Member for Finchley and Golders Green (Mike Freer), who brings his experience in local government to this debate.

I rise to oppose new clauses 1, 2 and 3 and amendments 1, 2, 3 and 4. That is primarily because, while I appreciate that there is sometimes a time and a place for strategies, and that it is sometimes a good thing to have a strategy, I agree with what the Minister said in this House on Second Reading:

"I believe that, particularly in this context, strategies should be governed by the need of the moment, and should be driven by conviction rather than by a requirement to comply with some bureaucratic process. I do not want the process of drawing up strategies to be bureaucratic. I do not want it to be simply an exercise in producing more glossy brochures that fill up the bookshelves in our offices, which are not read and which do not have real traction."—[*Official Report*, 19 November 2010; Vol. 518, c. 1217.]

I could not agree more. There is a real danger that the new clauses will have the effect of introducing a level of bureaucracy to this procedure that will not add anything to the overall aim of the Bill.

I congratulate my hon. Friend the Member for Warwick and Leamington (Chris White) on his perseverance and determination in piloting the Bill through to this stage. He should be commended for that. Although it has been over a year since Second Reading, and some might think that that is slow progress, it has been positively sprightly when compared with the glacial progress made by the Bill promoted by my hon. Friend the Member for Castle Point (Rebecca Harris), who I see in her place—the Daylight Saving Bill, which, after a year, has yet to reach its Committee stage.

On the cost of these strategies, when I intervened on the hon. Member for Harrow West (Mr Thomas) he referred back to the cost of £41,000, which was cited by my hon. Friend the Member for Warwick and Leamington on Second Reading. I was not present on that occasion, but when I read the record of the debate shortly afterwards, I thought that estimate slightly optimistic, if my experience of the costs of achieving anything in government are anything to go by. I am still of that opinion today. In fact, I think that the figure is wholly unrealistic.

The costs are compounded by the solution that is given to the question of how one comes up with a mechanism to ensure that the strategies are actually carried out, provided in new clause 3, which is to produce an annual report—yet another cost and yet another obligation on the Secretary of State. The Secretary of State would have not only to produce a report, but consult several bodies including the National Audit Office, the Charity Commission, Social Enterprise UK, the Office for National Statistics and many others. I do not think that that would help to achieve the overall aims of the Bill.

I am often concerned when a Bill has cross-party support. I notice that there were no Divisions on Second Reading or in Committee.

Mr Thomas: Yes there were.

Mr Nuttall: Oh, there were Divisions in Committee.

This Bill plays a large part in the big society agenda. Once or twice today, anybody listening to this debate would have thought that it was a Government Bill. Of course, it is actually a private Member's Bill. I am sure that even in its slimmed-down form, thousands of social enterprises across the country will welcome the progress that it has made. Having said that, there seems to be little in the Bill that could not take place regardless of whether the Bill makes progress and without the passage of new legislation. What is needed by those involved in the commissioning and procurement of public sector services is the will to secure diversity of provision. Users of public services are not concerned about whether the services are provided by the public sector, the private sector, the third sector, voluntary organisations, charities or social enterprises; what matters is the quality of the service they receive.

We need the process of bidding for public sector contracts to be made a great deal easier, not just for social enterprises, charities and voluntary organisations, but for small and medium-sized enterprises in the private sector. In that regard, I associate myself with the remarks made by my hon. Friend the Member for Congleton (Fiona Bruce). Smaller organisations, whether in the third sector or the private sector, often need a helping hand to guide them through what can seem to be a burdensome, complex and bureaucratic procedure. One thing that we need to do, as a Government and as a society, is to make that whole process much easier.

I hope that the Bill will encourage more social enterprises to develop and to take over, where feasible, areas of service from the public sector. From my point of view—I appreciate that this will not be welcome in all parts of the House—I would not worry if this was seen as a stepping-stone towards services being provided by the private sector. Of course when assets leave the public sector, the true and full price must be paid. Provided that that is done, there should be no loss to the public sector. We need dynamism in the procurement of public services, with contracts moving. Sometimes contracts might be kept in-house, sometimes they might go to the—

Madam Deputy Speaker (Dawn Primarolo): Order. I have given the hon. Gentleman quite a lot of latitude, as I have with other Members, but we are not on Third Reading or Second Reading; we are discussing new clauses and amendments. Perhaps the hon. Gentleman could anchor his remarks in the debate that we are currently having, not the one that we have not started.

Mr Nuttall: I am obliged to you, Madam Deputy Speaker. In fact, I was just making my final point, so if I may, I will complete that sentence and finish my remarks there.

I was saying that we would see contracts going from the public sector into the private sector, on to the third sector and then back again. There would be dynamism in the sector, which would mean that sometimes contracts would be lost by social enterprises and go back into the public sector or the private sector, and then be regained again. With that, I will not seek to catch the Chair's eye on Third Reading, which I am sure you will be pleased about, Madam Deputy Speaker.

The Parliamentary Secretary, Cabinet Office (Mr Nick Hurd): May I start by adding my voice to those who have congratulated my hon. Friend the Member for Warwick and Leamington (Chris White) on the way in which he has led this Bill? I have said that on every occasion and I mean it. I thank him in particular for reminding the House, in what was a statesmanlike response to the shadow Minister, of the importance of the cross-party support that has built up over some years behind this agenda. That is essential if we are to make further progress.

I was delighted by the contribution of the right hon. Member for Salford and Eccles (Hazel Blears). She may have been described as unhinged in the past, but she was perfectly hinged today in her comments. She made it clear that, whatever her frustrations with the Bill, she recognises that it is a start and is happy for it to progress.

The hon. Member for Harrow West (Mr Thomas), my Harrow neighbour, is entirely right that we must not lose momentum. This agenda is more important than ever. We have a highly risk averse public sector system

[Mr Nick Hurd]

and a traditional business sector that is too stagnant in many areas. They must take this opportunity to create space for the change makers and the people who have the vision to stand up and say, "We see what you are doing. It can be done better." This is exactly the time to do that. I have a lot of sympathy for the thrust of the hon. Gentleman's remarks, which was about encouraging the system to go further. What he neglected to mention, in complaining about the playing field not being level, was who has tended the playing field for the past 13 years.

The hon. Gentleman also forgot to mention that it was a Labour Secretary of State for Health who reversed policy and made it clear that the NHS was to be the supplier of choice—a statement that sent shockwaves through the social enterprise and charity sector. I am glad that we are back on track and giving new momentum to the message that we must diversify our base of public sector delivery partners and that we must create more space for the change makers who are prepared to challenge the system.

That message is being recognised in some bizarre places. I wish that the hon. Gentleman had been with me this time last week in Brussels—I could have done with the company. I was at a conference where 800 people gathered from all over Europe, summoned by President Barroso and Commissioner Barnier for the launch of their social business initiative. Here we are in the middle of the greatest crisis facing the eurozone and the Commission is taking time, with leadership from the top, to state the importance of the whole area of social enterprise and social entrepreneurship. Speaker after speaker came to the podium to congratulate Britain on its leadership in Europe on this agenda. We must not lose sight of the big picture. We have the opportunity and the need to keep the momentum going.

I differ from the hon. Member for Harrow West on his view that simply legislating to require the Government to produce a statutory document will be transformational. We had a good debate on this matter in Committee, so I will not labour the point. However, I am extremely grateful to my hon. Friend the Member for Bury North (Mr Nuttall) for quoting what I said on Second Reading. I agreed with every word of it—I was on good form that day—and I stick to it. My hon. Friend the Member for Warwick and Leamington usefully reminded the House that we have had action plans before, and it is about not the publication of a plan but delivery and action.

The hon. Member for Harrow West bemoaned the lack of a strategic framework, but I would argue that in fact the coalition Government set a strong lead and set out a very strong framework in the agreement for government, which contains an explicit statement about our commitment to support the creation of mutuals and social enterprises and encourage them to play a bigger role in public service delivery. From that, a flow of action is increasingly evident in various areas, which I will summarise briefly.

11.30 am

The first area is the most directly relevant to the Bill. If we want to create new space for social enterprises and social entrepreneurs, we have to open up new market opportunities for them. No bigger market opportunity exists than the opportunity to help us deliver better public services. My hon. Friend the Member for Warwick and Leamington has understandably spent a lot of time talking about mutuals and co-operatives, so he knows of the opportunity to build on a new movement to unlock the entrepreneurial energy inside the public sector. It is about encouraging nurses and other public servants to continue what they do and the care and the service that they provide in a different setting in which they feel a greater sense of ownership and responsibility.

Those of us who have had the good fortune to visit some of the pathfinders, the leaders in that space, as I know many of us have, can feel the difference in those organisations and feel that we need to build on what they are doing. The hon. Member for Harrow West was slightly sniffy about progress, but we have made a good start and feel that with the introduction of the Mutuals Information Service, which has a £10 million investment behind it, we will continue to send a very strong signal to the system that we encourage mutuals and want to support them actively.

Hazel Blears: Will the Minister acknowledge that it was in fact the previous Labour Government who introduced the legislation that enabled social enterprises to be established in the health service, and who provided significant financial support to get them off the ground? That was a Labour initiative. There are organisations such as Six Degrees, Unlimited Potential and the Angel health centre all across my city now, and they are providing excellent services. That was an initiative of the Labour Government.

Mr Hurd: I am very much prepared to accept, as I have in public on many occasions both in the House and outside, that we are building on some excellent work, to which consistency is fundamental. The point that I made earlier was that it was a Labour Secretary of State who sent a very mixed message to the market by giving an explicit statement that the NHS was to be the supplier of choice. I am delighted that there now seems to be cross-party support again for a message that is more positive for, and supportive of, social enterprises and charities and the opportunity for them to deliver public services.

The hon. Member for Harrow West mentioned the Work programme, and he is right that it is early days. There is certainly some frustration and cynicism out there in the social sector, and I am listening to it and liaising closely with the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling), on it. However, we cannot lose sight of the fact that under one of the most important of the Government's programmes, deliberately structured as a payment-by-results system to incentivise primes to work with organisations that have a track record and a good opportunity to deliver results, we have 300 social enterprises and charities in the supply chain. Depending on their delivery, I believe they are set to earn several hundred million pounds over the life of their contracts. That is definitely a step forward.

The Work programme is not just about encouraging different suppliers of existing services. We are trying to get the system to think differently about how services are commissioned, so we are working with four local authorities on troubled families with multiple problems.

I think we all know from our constituencies that the state has historically not done a very good job of supporting such families. We are encouraging those local authorities to consider working in a different way and structuring a more holistic service based more on prevention and an openness to working with different suppliers under a payment-by-results contract. We hope that will lead to four new social impact bonds, to encourage social investors to come in and share some of the risk and return.

That action and activity is intended to break down what the right hon. Member for Salford and Eccles and others know is a tremendous aversion to risk in the system. No one can pretend that that is easy, or that publishing a strategy document or even Government guidelines will instantly break down the culture of risk aversion in the public sector. She rightly talked about the need to support commissioners better, because they are operating in systems that are tremendously averse to risk. I have sat around tables with commissioners who get what we are talking about and want to make progress and work more with social enterprises and charities to restructure services. However, I have had queues of people at the door saying, "You can't do that." I am sure she knows—she has been there—that the more we consider the matter, the bigger the challenge gets.

We are thinking afresh about how we support commissioners, and the Minister for the Cabinet Office has talked about our plans to set up a commissioning academy to try to support commissioners, develop more intelligent commissioning and raise the status of the profession and the qualifications in it. We want to develop learning resources that build on the best practice that is being developed around the system, and that is a serious project.

The Bill will add value to that process—perhaps not in ways that every Member would like, because we all know that politics is the art of the possible at a given moment and that there are compromises to be made, but we are on a journey. The Bill will complement the best value duty, which Opposition Members did not mention but which my hon. Friend the Member for Finchley and Golders Green (Mike Freer) brought up. That was an important piece of guidance from the Secretary of State for Communities and Local Government to local authorities, setting out an expectation that commissioners should consider the overall value of service provision, including economic, environmental and social value. That covered the full procurement chain for services and goods, and was a very clear new piece of guidance.

We believe that the Bill will complement that useful guidance by sending an additional signal to commissioners outside local authorities that, where it is relevant and proportionate, they should consider social value at the pre-procurement phase when they are considering commissioning services. That is how we can balance out the areas in which we think the biggest impact can be made now and our desire not to impose too many disproportionate duties and burdens on people who are doing already very difficult jobs. That is where we are comfortable with pushing the agenda forward.

Mike Freer: I am grateful to the Minister for his clarification of the guidance from my right hon. Friend the Secretary of State for Communities and Local Government. Guidance is fine, but from memory I believe it is still open to a local council tax payer or resident to challenge a local authority's accounts if they believe that the local authority has not achieved best value. We need to go beyond guidance and ensure that the legislation all lines up.

Mr Hurd: I accept that point, and to some degree that is what we are doing today. We are moving forward on that. My hon. Friend mentions the concept of the right to challenge, which had not previously been mentioned in the debate. Again, we are moving forward on that, because we are moving into a world in which there will be much more information about what commissioners are doing and how public money is being spent. Through the Localism Act 2011, which I am delighted to say has completed its passage through Parliament, the right to challenge is now set in statute, with regulations to follow shortly to clarify how it will work. That is progress on the journey that I have described.

Mr Thomas: Will construction be covered by the clause on social value?

Mr Hurd: I have nothing to add to what I said in Committee. The Bill is reasonably clear about where it will apply.

The right hon. Member for Salford and Eccles mentioned B4Box in her constituency. The position will be enhanced by the new best value guidance, and there is nothing to prevent the local authority from working on the basis that she described. I am grateful to her for bringing Aileen in to talk about the matter. Aileen is doing it. There is space in the system for her to do it. She and I would probably agree that we need to send a stronger signal that it is okay, but it is okay and people are doing it. The best value guidance from the Secretary of State moves things on further by sending a signal of permissiveness.

I have always made it clear that the Government have from the start supported the principle of the Bill because of the value that it adds to the process, and it goes with the grain of what the previous Administration were trying to achieve. The system, risk averse as it is, is getting a consistently stronger signal about the need to take account of wider social value considerations when spending taxpayers' and constituents' money and to be more alive to opportunities to commission intelligently. Lots of examples have been cited in our debates of fantastic organisations, such as Create, that are adding value to our communities. I cited that example in my Brussels speech because in many ways it embodies exactly what we are trying to encourage.

We can do more. The hon. Member for Harrow West goaded us to come up with more ideas to support social enterprises in this movement. I have talked about the need to open up new market opportunities to help these enterprises grow and to help more people, but the Government can do more to make life simpler for the social entrepreneur. I shall come later to the question of definition but these are businesses first and foremost, and the guidance and requirements that we place on people trying to run businesses in this country are ridiculously disproportionate. A rigorous process is under way. It cannot be undertaken lightly and it does not lend itself to soundbites. It is a rigorous process of

[Mr Hurd]

going through each subsector of the economy to look at the regulatory burden and to discuss with the players in those sectors what we can remove and what is no longer proportionate or necessary. That process is well under way.

We can also help social enterprises with the increasingly important question of how to measure social impact. That is their currency. Many of us know that the money providers, whether private or public, are increasingly demanding that social enterprises, charities and, I hope, other organisations measure and communicate their social impact and social value, which is their unique selling point. Many of us are also aware that arguably there is too great a profusion of initiatives in this area and of the risk that this will only confuse the landscape. I want greater coherence and consistency not least so that we, as funders, and other stakeholders can agree on what is worth measuring and how it can be measured affordably by all organisations.

Hazel Blears: This is a really important point. There is a plethora of ways to measure social value. I mentioned in Committee an organisation called Connectives, which has moved on from the social return on investment transactional model towards a much more in-depth assessment of what social value means. Is the Minister prepared to meet the two female accountants behind Connectives to explore their ideas?

Mr Hurd: I would be delighted. I thoroughly enjoyed the first meeting that the right hon. Lady invited me to, and I am sure that this one will be just as informative. I also thank her for reinforcing my instinct that the Government can take a lead in trying to make life simpler for all parties, not least in our role as a major funder, and to help people to reach greater coherence and consistency when working out what is worth measuring and how it can be measured by all organisations, not only those with the deepest pockets.

11.45 am

We can make life much simpler by making better connections between those in the not-for-profit sector and those in the for-profit sector. Both groups could benefit from that. The right hon. Lady touched on this. There is an untapped opportunity here. I was fortunate earlier this week to sit down with Professor Muhammad Yunus, the Nobel prize winner and father of the microcredit. His latest initiative is a social business and joint venture with Danone to provide better nutrition for the poorest children in Bangladesh. He has persuaded Danone to come in as a partner. As one listens to how the initiative is structured, it becomes clear that here we have one of the biggest companies in the world focusing its energy on what it is really good at in order to help some of the most vulnerable and disadvantaged people in the world, and in the process it is being stretched and tested to rethink how it makes and distributes its products, so its core business is benefiting from the process.

Given how rare these examples are, the opportunities are exciting. I want more corporations to see the opportunity to improve themselves by stretching themselves to apply their skills in different settings. More specifically, in this country we think that there is tremendous scope for making better connections between social enterprises, the not-for-profit sector and the traditional business community at a local level. Most of us know from our constituents—certainly mine—that we have barely scratched the surface of what we can achieve if we can make these connections work better. That involves different languages and communities, but we are interested in doing more together. It requires human interventions to make these connections work better.

We are working with businesses and communities to pilot business connectors—people seconded from businesses such as Sainsbury's and Greggs—to play a community role: to find out what communities need and connect it to what local businesses say they can supply. Already I have seen in Redcar how a business connector persuaded the council to make an empty shop available to incubate five social enterprises with the support of local business—an empty shop gets used, five businesses are formed and older businesses find out much more about what their community needs. It is a win-win situation. Again, this is all new movement, new progress.

The hon. Member for Harrow West mentioned the fundamental need to make it easier for social entrepreneurs to access finance. There is real momentum there, and I am happy to say that we are building on initiatives by the previous Government—for example, the enabling legislation on dormant bank accounts. That is fundamental to allowing us to do what we want to do. However, our ambition is considerably greater than that of the previous Administration, who were prepared to commit only up to £75 million to the social investment bank, whereas we are on track to capitalise that institution with about £600 million. That is a quantum leap in ambition.

The momentum is there. Social entrepreneurs have been telling Governments of various hues over the years that the biggest barrier to growth has been access to finance. As we well know, the traditional world of finance in this country—the people who manage our deposits and savings—is not connected to the social sector in any meaningful way, despite the fact that we, their customers, care deeply about a number of the social challenges facing this country and would, I think, like to be part of the solution. However, we are not being presented with that opportunity at the moment.

Part of our vision is to grow the social investment market—a market for money where people are prepared to blend financial return and social impact—to make a better bridge between the world of savings and the social sector. If we can build that market, we can move serious money into the social sector. Big society capital is our major intervention in that respect—it is ambitious; it is on track. It is extremely important, but it is not enough in itself, because intermediaries—the people working with social enterprises—say that there is a problem with the quality of the pipeline of deals and investable opportunities. We need to accelerate and improve that pipeline, which is why we have announced a £10 million technical assistance fund that will deliver grants to enable front-line organisations to become more investment-ready.

This is all about trying to make it easier for social entrepreneurs to access capital and for savers in this country to be part of the solution to some of the social challenges that we face, and that we all want to get serious about tackling. Fundamentally, there is a cross-party consensus on this issue and the need to send a stronger signal to a risk-averse system that it is okay to innovate

and to think about reconfiguring services or working with different providers. On that basis, the Bill adds value to that process and that journey.

We oppose the amendments. We note that most of the stakeholders in this conversation are happy with the Bill as it stands. I urge the hon. Member for Harrow West not to press his new clause to a vote, because it runs the risk of wrecking a Bill that is a useful, incremental step. It is certainly not the end of the journey; it is a chink of light. When I took the Sustainable Communities Act 2007 through Parliament, I was clear that it was not complete; rather, it was about putting a foot in the door, confident that the door would not then be closed. From that process, the Localism Act 2011 is now on the statute book and the game has been changed. On that basis, I urge the hon. Gentleman to withdraw his new clause and allow the Bill to move to the Lords and, I hope, on to the statute book, so that we can continue on this journey.

Mr Thomas: We have had an excellent debate on new clause 1 and its associated new clauses, with an excellent speech from my right hon. Friend the Member for Salford and Eccles (Hazel Blears) and similarly strong speeches from the Bill's promoter, the hon. Member for Warwick and Leamington (Chris White), and the hon. Members for Congleton (Fiona Bruce), for Finchley and Golders Green (Mike Freer) and for Bury North (Mr Nuttall), as well as the Minister.

The hon. Member for Warwick and Leamington encouraged us in the view that he was a practical and pragmatic person; I hope that I, too, share those characteristics. I say gently to him and his hon. Friends who are not convinced of the merits of a strategy that if one is comfortable with unintended consequences or outcomes that one does not necessarily want, a strategy is certainly not required. However, if one has a clear vision and a sense of the possibilities for a sector, a strategy can help to unlock the incremental steps required to allow it to flourish. The hon. Gentleman mentioned the social enterprise plan, which my right hon. Friend the Leader of the Opposition developed when he held the position currently held by the Minister. The hon. Gentleman said that some parts of that strategy were not implemented, but that is often the case with strategies. Not everything is successful, but if one is trying to grow a sector strategically, one learns from the things that have not worked in order to enjoy even more success in future.

My right hon. Friend the Member for Salford and Eccles suggested that the Government were moving too slowly and not deeply enough on this agenda—a succinct and accurate summary of some of the problems that parts of the Government face in implementing it. She rightly talked about the potential benefit of the one bit of the Bill that the Government support, which is that on encouraging businesses in the private sector to continue the journey that many are already on and think about how best to use social enterprises in their supply chains. Many businesses recognise that CSR reports, corporate donations to charity and corporate philanthropy are important, but not enough on their own, and that building social enterprises into their supply chains—she gave the example of how Morrisons is working with social enterprises in her area—can make a genuine difference to the private sector and, similarly, help to grow social value.

The hon. Member for Congleton praised the social enterprises in her constituency and highlighted how the social value element of the Bill could help them to grow further.

The hon. Member for Finchley and Golders Green explored in his speech some of the issues that he raised in his intervention on me about the definition of a social enterprise. I was struck by the benefit that a proper strategic conversation on how to grow the social enterprise sector might have for one very interesting idea recently presented to me—the idea of developing the concept of a social enterprise limited liability partnership to help ease investment finance from the City into social enterprises.

The Minister began his remarks wishing I had been with him in Brussels. He is, as ever, charming and I would have found it hard to resist if he had indeed called me in time to accompany him. He is absolutely right that the Government have taken some positive steps on this agenda, but, sadly, there have also been negative steps backwards for the sector. I welcome the progress made on the big society bank, but even the £600 million with which the Minister hopes the bank will be capitalised will not plug the huge amount of grant income being taken out of the sector.

I was encouraged by the Minister's recognition that the Work programme has not gone well for the sector. He said that he is listening, but I fear that his colleagues in the Department for Work and Pensions are, sadly, out of touch with just how badly things are going for many charities and social enterprises that had hoped to be part of the Work programme.

Let me leave the House with one further statistic about the failure to date of commissioning in this area. The London Voluntary Sector Consortium surveyed some 25 tier 2 providers, 23 of which had had no referrals from their prime contractors—hardly a ringing endorsement of the success of commissioning for social enterprises under this Government to date.

Lastly, the hon. Member for Bury North almost appeared to lament the cross-party support for the Bill. I thought he was encouraging me to press my amendments to the vote. I recognise that there are insufficient Members in the House today, which means that if a vote were called the Bill's progress would be stalled. Although the Minister has made a slightly better fist, if I may say so, of answering the concerns of Labour Members about the Bill's narrow scope, I would have been tempted to press some of my amendments. I want the Bill to make progress, however, so I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

Third Reading.

11.58 am

Chris White: I beg to move, That the Bill be now read the Third time.

I will be brief, as a great deal of what needs to be said has already been said. The Bill before us may not be perfect, although it is perfectly timed. It comes at a time when social enterprises and voluntary community organisations across our communities are looking to the Government and all political parties to show support for the work they do.

[Chris White]

There is still a long way for the Bill to go. I hope that it will continue to find support on all sides in the other place and when it comes to implementation. People want to see more of this kind of politics. It is not partisan politics, motivated by getting one over on the other side. It is politics that puts society first, recognising that when it comes to the better use of public money for the benefit of our communities, we can all benefit from it. There is much more work to be done, and I hope it will be done in the same cross-party and consensual manner that we have seen on the Bill so far.

12 noon

Mr Thomas: Let me again congratulate the hon. Member for Warwick and Leamington (Chris White). He has done a masterly job in nursing his Bill through the corridors of Whitehall, where I suspect that he has engaged in some particularly interesting conversations, and through its various stages in the House. He took his party's leaders at their word and presented a big society Bill, and it is certainly not his fault that the Government have gutted it. What remains is nevertheless useful, and, as many Members have observed, could begin to make a difference in local communities as commissioners think a little more carefully about how to maximise social value.

Mr Philip Hollobone (Kettering) (Con): The hon. Gentleman has correctly described this as a useful Bill. Will he give the House the assurance of his party that in the other place everything possible will be done to ensure that it is passed before the end of the current parliamentary Session?

Mr Thomas: I will certainly do all that I can to encourage its passage. I hope that I have demonstrated to the hon. Gentleman, as well as to the hon. Member for Warwick and Leamington, the spirit of co-operation that was needed for it to make progress today, and I sincerely hope that it is passed in the other place and becomes law.

A week or so ago, on social enterprise day, I visited Hackney Community Transport, a remarkable social enterprise. I met not only its chief executive, but some of the staff who have been selected as this year's social enterprise champions for the organisation. It is a remarkable outfit. In the early 1980s, finding it increasingly hard to obtain the grants that it needed in order to continue to meet the demand for transport from pensioners' clubs, community swimming groups and the local Guides and Scouts, it set out to try to win commercial transport contracts. Last year its turnover was some £28 million, and over the past five years it has sustained a 20% to 25% annual rate of growth. That is a remarkable success by any definition.

Hackney Community Transport creates social value by reinvesting the profits from its commercial contracts in transport services for community groups in its area, and by training the long-term unemployed to help them prepare for a return to work. In its small way, the Bill will reinforce the extra value that it creates in its local community. Let me point out gently to Conservative Members that Hackney council has been a supporter of that social enterprise, working with it and commissioning contracts in ways that give it a fair chance. Here is the state in action at its most innovative, working with the community to create real social value and community benefit.

The Bill has the potential to help two more excellent social enterprises, as well as, I am sure, many others. Greenwich Leisure is another part local government, part enterpreneurial employee-led social enterprise, born in response to John Major's cuts in the early 1990s. Winning contracts from local authorities to provide leisure services, it has created many new jobs and offered a range of initiatives to persuade those who have previously been unable or unwilling to use leisure centres through its doors. I am delighted to say that my own council has a contract to run our leisure centre with that excellent social enterprise.

The superb Coin Street Community Builders, 10 minutes away from this great House, was formed as a result of a challenge from the private sector. Big hotel groups wanted to take over the frontage of the River Thames, not for the community's benefit but purely in their own interests. The tenacity of the community—and, to be fair, the skill of the Greater London Council planners at that time—led to the site being protected. Through a mix of legal forms—a housing association, a co-operative, a company—the community gradually generated new social housing. It has also refurbished the striking Oxo tower, created new work spaces for businesses, and helped regenerate the surrounding area. That has created considerable community benefit, and real social value.

The Labour party champions social enterprise and social value, not because we want to roll back the state or provide cover for tax cuts for the few and huge cuts in services for the many, but because we believe in strong communities and we recognise that we need to allow the ideas and imagination of the brightest and the best in our communities to flourish. Social enterprise and social value, along with Government, have key roles to play in that regard, and we support the Bill on that basis.

12.5 pm

Richard Fuller: I wholeheartedly support the Bill promoted by my hon. Friend the Member for Warwick and Leamington (Chris White), as it enhances both supply and demand in a very important part of our economy: social enterprise. I think that this Bill can achieve more than my hon. Friend the Member for Bury North (Mr Nuttall) has said can already be done. I encourage my hon. Friend the Member for Warwick and Leamington to continue his efforts and, indeed, to continue to challenge the Minister to do more.

The aspects of the Bill that I find most intriguing and to which I give most support concern its role in enhancing our country's ability to meet the challenge of our economic situation. We hear every day about the demands for growth, the challenge of deficits and the overhang of debt, and we look for the remedies that we may have to overcome all those great challenges. We look at our televisions screens and see elderly people in many of our social services lacking in the care that they need and being denied the dignity that they deserve, and we ask why such things happen in our country.

The solution to those challenges lies not in some technological innovation or substantial additional contribution of funds, but in understanding and enhancing the entrepreneurship of every man and woman in this

country. I often struggle to understand all the reasons and rationales for people wanting to become entrepreneurs, because it is not simple; it is not straightforward. We have heard many examples from both sides of the House today of people who started social enterprises and businesses. Underpinning all that is the fact that the individual wanted to step up. He or she felt motivated to step forward and do something that was different and innovative. Their motivation could be the desire to make money; it could be that they want to do something for their community or their country; or they could be motivated by some spiritual values at the core of their heart. This Bill takes us a step forward in saying to those whose motivation is to help the community that this Government believe in them, want them to step forward and want them to achieve things on behalf of our country.

The right hon. Member for Salford and Eccles (Hazel Blears) made a pertinent point about the social value rather than the organisation. Social value is what we are looking to achieve—not to define some particular circumspect or corporate identity—and it is at the core of my hon. Friend's Bill.

For people who have the motivation to step up, the Bill creates a market and demand. Members on both sides of the House have raised concerns about whether the provisions should cover services alone, or if goods should be included too. That is a fair point. We have heard that, perhaps, we are not pushing boldly enough for a strategy, and therefore condemning ourselves to dealing with just two or three local authorities rather than the country as a whole. That is a fair point, too. What we are doing is creating a market. We are creating an opportunity for people now to say to local authorities across the country, "What are you doing to promote what I see in my heart and what motivates me to do better in my community?" The Bill does not define a document; it creates that space for these entrepreneurs, and it could not come at a more opportune time to meet the challenges that our country faces.

I commend the Minister for his support for the Bill. We understand the scale of the challenges that we face, we support all the initiatives outlined today, we understand that there must be caution in financing initiatives, and we understand that there are limitations on what the public purse can support, but he needs to understand that the group of people who sit behind him—those individuals who want to step up and do better in their community—are looking to him to see this Bill not as the ending point of a particular piece of work, but as the start of what we hope will be a radical Administration in this area. I thoroughly and wholeheartedly support the initiative of my hon. Friend the Member for Warwick and Leamington and encourage the House to support the Bill.

12.11 pm

Hazel Blears: I shall be brief, because I had the opportunity to make my comments at length during the debate on the new clauses. I just want to put on the record my thanks to the hon. Member for Warwick and Leamington (Chris White) for using the precious opportunity to introduce a private Member's Bill to introduce this Bill about social enterprise and social value. It is also part of a journey, as the Minister said, to transform the way in which we commission and provide essential services in this country and to unleash the innovation that the hon. Member for Bedford (Richard Fuller) has just talked about.

There has been a great deal of consensus on these issues. I hope that that consensus will continue and when we get the Health and Social Care Bill back in this House, Government Members will support us in trying to move forward with a definition of "social enterprise" in the health context. If the NHS is to be the biggest social enterprise in the world, we certainly need more clarity and reassurance about what that organisation should look like, what its legal responsibilities are and whether it will have an asset lock on the spin-outs in employment. I hope that the consensus will continue.

Having said that, there are differences between the parties, even on this agenda, as the speech made by the hon. Member for Bury North (Mr Nuttall) illustrated. So I have no doubt that we will continue to have a lively debate about the role of social value. I am very keen to see it extended into the private and corporate sector, and I think that there is a genuine move among businesses to want to be bigger players in this area than they have perhaps been in the past. Again, I am looking to the Government to think about what incentives can be put into the system to encourage corporate bodies to shepherd social enterprises and to use them in their supply chain. Big construction companies such as Wates Construction are beginning to get that argument but, again, the Government can send messages to push the system along to ensure that we do not have to wait 10 years for that kind of development to take place.

The Bill is an important step on that journey and helps to reinforce the idea that the economic situation gives us a huge impetus to try to get more value out of the taxpayers' money that we spend. The innovation of this sector can help us to do so much more. If, in the process of doing that, we can persuade people in business that making a contribution to the community is not just a good thing in itself, but that it helps them to augment and enhance their company, we will have made an excellent contribution.

I am delighted to have been a part of this Bill from the very beginning, and it is lovely to see it through to the end. I am not that used to private Members' business, but I have certainly learned a lot on this journey and I am grateful to the hon. Member for Warwick and Leamington for his courage. I will do everything I can to ensure that the Bill gets a swift passage in the other place so that we see it on the statute book.

12.14 pm

Mr Hurd: My hon. Friend the Member for Warwick and Leamington (Chris White) is bathing in the warm glow of the House's approval and he deserves it, because he and his Bill have reached a milestone that very few people pass. He is to be very warmly congratulated on it. I have been in his position, so I know how frustrating the journey can be and how much patience is required—he has demonstrated all that. I would particularly like to congratulate him on the way in which he has worked with stakeholders outside this place to bring them together and keep them together on this journey. I know that it has been deeply appreciated.

My hon. Friend can take some comfort from the fact that I believe sincerely that the Bill has not been gutted—far from it. It has been focused on what is most important

[Mr Hurd]

and valuable right now, which is sending a much clearer signal to those who are doing the very difficult job of buying services on our behalf. At the critical pre-procurement phase—the importance of which is so often underestimated and at which those buying are thinking hard and consulting about what is needed and about what they are buying, shaping the market of potential supply for that service—they should receive a clear message from us that we expect them to consider social and environmental value, when relevant and proportionate. That is a very useful addition and complements the other initiatives that are all pushing for space, not least the best value guidance from the Department for Communities and Local Government.

I am delighted to stand at the Dispatch Box on behalf of the Government to congratulate my hon. Friend, to confirm our support and to wish him every good fortune in the other place. If he succeeds, his name will be on the milestone of a very important journey that will help to unlock the entrepreneurial energy that wants to be part of this process. We will then be able to deliver what we all want: better public services for the people we serve.

Question put and agreed to.

Bill accordingly read the Third time and passed.

Taxation Freedom Day Bill

Second Reading

12.16 pm

Mr Philip Hollobone (Kettering) (Con): I beg to move, That the Bill be now read a Second time.

It is a privilege to move Second Reading of the Taxation Freedom Day Bill. It is a small Bill with an important message to Her Majesty's Government from the Great British taxpayer and provides for an annual taxation freedom day to reflect the proportion of tax paid by individuals from their income. The idea is that each year, the Chancellor of the Exchequer must, by way of a statutory instrument, specify a day that will be observed as taxation freedom day. The purpose of this taxation freedom day will be to mark the day in any given calendar year on which the United Kingdom's net national income reaches the level of the United Kingdom's estimated level of national taxation for that calendar year.

In the Bill, total national taxation includes all forms of direct, indirect and local taxation and it will be calculated not by Her Majesty's Government and not by me, but by the independent and trusted Office for National Statistics. Likewise, the Office for National Statistics would also be charged with calculating net national income.

Each year, the Chancellor of the Exchequer will determine the day in the year when taxation freedom day will fall using the proportion of the United Kingdom's estimated level of national taxation to the United Kingdom's estimated net national income. Under the terms of the Bill, an order would not be able to be made unless it was laid before and approved by resolution of each House of Parliament. Each year, before 30 November, the Chancellor of the Exchequer will have to lay before Parliament the estimated date of taxation freedom day in the following year and, before 31 May, the Chancellor will have to lay before Parliament a report setting out whether the estimated date of taxation freedom day in that calendar year was correct.

The purpose of the Bill is to try to provide some transparency for the British taxpayer about the burden of taxation on them and on the national economy. It is essentially politically neutral and is not an argument for or against any particular level of national taxation. I have my own views on that, on which I hope to elaborate later, but all I seek to do is to get across, in a readily understood and straightforward way, the proportion of our economy that is taken up in taxation. The Bill is one of almost a dozen that I have put before the House in this Session. I should like to place on record my thanks to Jonathan Isaby at the TaxPayers Alliance for his contribution to the Bill's drafting. I thank also the Adam Smith Institute for its germ of an idea about having a readily understood national taxation freedom day, as well as the Freedom Association, which has been extremely supportive.

Taxation freedom day in 2011 was 30 May—three days later than last year—which means that, on average, every British taxpayer had to hand over all their income to Her Majesty's Government for the first 149 days of 2011. Only after 30 May did they get to keep for themselves any income they earned. Having recognition

of such a calendar date would reflect and get across in a very simple and straightforward way the burden of taxation on our economy.

The date of taxation freedom day varies from year to year, and the point is to make it easy to understand how the burden of taxation changes each year. In 1964, taxation freedom day was 23 April, whereas in 2011, as I have mentioned, it fell on 30 May. So, over that period, taxation freedom day moved by 37 days. In 1964, the average British taxpayer had to work for only 114 days before they could keep their income for themselves, but in 2011 they had to work for 151 days before they could keep their income.

Mr David Nuttall (Bury North) (Con): My hon. Friend is making a very cogent speech. Is he aware that these figures have been calculated back to the turn of the 20th century? In 1900, the figure was only 22 days and in 1910 it was only 19 days.

Mr Hollobone: I am grateful to my hon. Friend for that most helpful intervention. Such interventions highlight how well he serves his constituents with the depth of his knowledge and research into legislation such as this. The figures he gave put into context the horrifying advance in the burden of taxation that we all have to pay. The fundamental truth is that Her Majesty's Government and Ministers such as the Economic Secretary to the Treasury, who is on the Front Bench, do not have any income or resources of their own. Everything that the Government spend on our behalf either comes from the British taxpayer or is borrowed. The burden of that taxation demand is of concern to everyone.

There may well be Members, perhaps on the Opposition Benches, who believe that the burden of taxation should go up. That is a perfectly respectable argument. There are those who believe that the state can marshal the resources of the British people better than the individuals themselves. I do not happen to agree with that, but it is a perfectly respectable point of view. I would expect them to welcome taxation freedom day going up the calendar, so to speak, perhaps into June, July or even August. My Bill does not say that that is a bad thing. What my Bill says, in a politically neutral way, is, "Let's let the British people know what the burden of taxation is so that they might make a judgment about whether it is acceptable or not."

The figures that my hon. Friend the Member for Bury North (Mr Nuttall) cited from the turn of the 20th century demonstrate how far we have come, in an adverse way, since those days. My humble remarks go back only to 1964, which happens to be the year in which I was born. In 1964 British taxpayers had to work for only 114 days until taxation freedom day, and now, in 2011, the equivalent figure is 141.

Taxation freedom day has moved around quite a lot in the past 47 years. The House might be interested to know, for example, that between 1964 and 1970, taxation freedom day moved by 40 days, from 23 April to 2 June. Those were the days of the devaluation crisis, a great deal of trade union militancy and the public finances being in some disorder. The burden of taxation went up by more than a month's worth—40 days' worth—over that period. Then, from 1970 to 1973, taxation freedom day fell by 21 days, from 2 June to 11 May.

Philip Davies (Shipley) (Con): Good old Ted Heath.

Mr Hollobone: Indeed. Before the U-turn the burden of taxation on the British economy went down but then, as we know, it all started to go wrong, and from 1973 to 1975—three calendar years, in effect—those 21 days were reversed and taxation freedom day went back up to 2 June. One of the major reasons for that was the very high price inflation of that period. The Government of the day did not re-index all the taxation allowances and there was a huge fiscal drag effect, taking people into high rates of income tax.

Taxation freedom day did not change much until 1978. Between 1978 and 1982, it moved by 24 days, from 27 May to an all-time peak, 20 June, in 1982. In that period we had the rapid appreciation of sterling, particularly against the dollar, there was the doubling of VAT from 8% to 15% in Geoffrey Howe's first Budget, a huge collapse in gross domestic product—not as sharp a fall as we are currently experiencing, but nevertheless a very dramatic slow-down in the economy—and another period of high inflation fuelled, in part, by a second big rise in oil and petrol prices. That meant that in 1982 the average British taxpayer had to work for 172 days, with all their income for those 172 days going, in effect, to Her Majesty's Government.

There then followed quite a long period, from 1982 to 1996, just before the end of the Conservative Government, when taxation freedom day fell back by 25 days, from 20 June to 26 May. In 1997, when Tony Blair came in, taxation freedom day started to rise once again. Interestingly—I hope that this will convince the two Opposition Members present that I am trying to be as politically neutral as possible—taxation freedom day in 1997, when Labour took office, and in 2010, when Labour left office, fell on exactly the same day: 27 May. It rose in the middle of that period to 4 June, an increase of nine days, but in other years it fell by three days.

Robert Halfon (Harlow) (Con): I congratulate my hon. Friend on his excellent Bill. Despite what he has just said, does taxation freedom day not generally fall earlier under long periods of Conservative government than under periods of Labour government?

Mr Hollobone: I am most grateful for that penetrating intervention from my hon. Friend, who serves his constituents with great enthusiasm and ability. Although I would like to think that there is an obvious correlation, my honest answer is that it might not be as strong as we would like it to be. That reflects the overall bad picture of all modern Governments settling a burden of taxation on the economy that is rather higher than he or I would like. Although brave attempts have been made to reduce that burden, particularly by Conservative Governments, they have not always been successful as problems have got in the way. For example, the oil price crisis in the early 1970s and the big increase in trade union militancy blew the Conservative Government of the day off course, which meant that they had to increase the burden of taxation in response. Likewise, in the first years of the Thatcher Government the burden of taxation increased sharply. As I have said, between 1979 and 1982 taxation freedom day moved from 30 May to 20 June, which was a sharp ratcheting up.

Philip Davies: I commend my hon. Friend on introducing his Bill. I presume that his aim is to try to shame the Government into making taxation freedom day fall as early as possible each year, which is certainly the basis on which I support it. With that in mind, has he considered specifying a date beyond which no Government can allow taxation freedom day to fall, to ensure that we guard against excessive taxation?

Mr Hollobone: I am most grateful for that intervention from my hon. Friend, who is a legend not only in his constituency, but in this place, precisely because of that sort of contribution. I also take it as a bid to serve on the Bill Committee. I for one would welcome that as an amendment that would improve the Bill, because I know that one of the major roles he performs in this place is providing helpful ideas to Members and the Government on how legislation might be improved, and what he suggests is one of the best examples I have heard. Like me, he believes that the burden of taxation in this country generally is too high and would like to see it fall. However, Members need not share our views to support the Bill. It is possible to be an enthusiast for more taxation to provide more public services and still to support the Bill. The Bill would make the burden of taxation transparent to everyone.

Robert Halfon: I hesitate to correct my hon. Friend, but it is possible to have more public services without necessarily increasing taxation.

Mr Hollobone: My hon. Friend is absolutely right. That is what Her Majesty's Government are currently trying to do.

Mr Nuttall: More for less.

Mr Hollobone: Indeed. We can have better public services that are less dependent on public subscription. By making the burden of taxation transparent, through this calendar mechanism, the arguments for the more efficient use of public resources can be strengthened by the simple idea of trying to make taxation freedom day fall earlier.

The Conservative party has supported the idea of taxation freedom day in the past, but I am disappointed to see that, in the handout from the Government machine, the Government are going to oppose the Bill today.

Mr Nuttall: No!

Philip Davies: Surely not!

Mr Hollobone: I know that my hon. Friends are shocked by that news, and I very much hope that I am mistaken. When our hon. Friend the Economic Secretary to the Treasury rises to make her remarks, I hope that she will disabuse us of that notion, because in 2003 Lord Saatchi in the other place launched a Bill to make taxation freedom day a bank holiday. It was official Conservative party policy, supported at the time by the then shadow Chancellor, the right hon. Michael Howard, and a great deal of news was made about it.

I do not propose in my legislation to make taxation freedom day a bank holiday.

Philip Davies: Why not?

Mr Hollobone: That is a very good question, and it may well be the subject of another amendment that my hon. Friend tables in Committee, because I for one support the idea of a bank holiday to celebrate taxation freedom day. I personally think that it should replace the May day bank holiday, which for most of my constituents and most people throughout the country is not an appropriate day for a public holiday. If it were replaced by taxation freedom day, that would be a very good thing, but that is not in the Bill.

Philip Davies: I commend that idea to my hon. Friend. It might encourage the Labour party to bring forward taxation freedom day each year so that it coincides with May day.

Mr Hollobone: That is a very good suggestion, and yet another reason for Opposition Members to support the Bill today.

My Bill does not propose that taxation freedom day be a bank holiday. What it does propose is that, basically, Her Majesty's Government make official recognition of what taxation freedom day does. In the Taxation (Information) Bill, the Conservative party Bill that was launched in the other place in 2003, Lord Saatchi suggested the following mechanism for calculating how taxation freedom day should be arrived at. He said that taxation freedom day is

"determined by taking total tax revenue, including direct and indirect taxes, local taxes, capital taxes and national insurance contributions as a percentage of total income",

and that it is

"calculated as general government tax revenue as a proportion of net national income".—[*Official Report, House of Lords*, 9 July 2003; Vol. 651, c. 380.]

Net national income differs from the more familiar gross domestic product, or GDP, in two ways: first, net national income adds in net property and the entrepreneurial income of UK citizens from abroad; and secondly, it subtracts capital consumption. Net national income is therefore smaller than GDP, making the ratio of tax revenue to net national income larger than that to GDP.

I do not particularly mind what mechanism the Office for National Statistics uses for calculating taxation freedom day, because there are all sorts of suggestions about how it be done, but whatever mechanism is used, it ought to be clearly explained and consistent year on year, with lots of backdated calculations—perhaps even to the start of the 20th century, as my hon. Friend the Member for Bury North suggests—so that we can track consistently how taxation freedom day has moved around. There we have an official Conservative party suggestion from 2003, however, and it is a helpful contribution to the idea of pushing this Bill forward.

None other than the current Chancellor, before he became Chancellor, has spoken about taxation freedom day on two occasions. First, interviewed by Polly Toynbee in *The Guardian* on 2 June 2006, he said:

"This Saturday—June 3—we celebrate Tax Freedom Day. That is the point in the year when people stop working for the chancellor and start earning for themselves."

In 2006, according to this enlightened quotation, the then shadow Chancellor saw the value of taxation freedom day. I very much hope that now he is the actual Chancellor he can put his words into practice. On another occasion, when interviewed in 2007 about taxation freedom day having slipped to 1 June in 2007 from 27 May in 1997, he was quoted in the *Daily Express* as saying:

"Here's the proof that Gordon Brown's stealth taxes hit us every hour of the working day. Hard-working people hand their money over to the Chancellor and the tragedy is that they cannot trust him to spend it wisely."

In his role as shadow Chancellor, my right hon. Friend the Member for Tatton (Mr Osborne), has on two occasions publicly backed the idea of taxation freedom day. That is extremely helpful, and I hope that point of view is now consistent with Her Majesty's Treasury in its present form.

On 6 June—D-day—2000, Mr Deputy Speaker, none other than your boss, the Speaker, tabled a ten-minute rule Bill called the Taxation (Right to Know) Bill, which had three main elements. If I may quote Mr Speaker in his absence, he said:

"In my Bill, the Treasury is required to prepare and send to every household and business an annual statement of the rates of each tax and excise duty...My second proposal is that the proportion of the purchase price of key products that is represented by tax and excise duty should be publicly displayed on the bills that customers pay...My third suggestion is that each year the Treasury should publish an assessment of the merits of each tax, considering not only its yield but its administration cost, its compliance cost and its economic cost in terms of lost output and diminished competitiveness."—[*Official Report*, 6 June 2000; Vol. 351, c. 175-176.]

In his remarks to the House, the right hon. Member for Buckingham (John Bercow) stressed that our taxation freedom day, which in 2000 was on 29 June, was no fewer than 20 days worse than in the United States, where it had fallen on 10 May. The Bill proposed by Mr Speaker—before he was Speaker—in 2000 and my Bill essentially try to do very similar things. We are trying to make the burden of taxation on every individual business and organisation in this land far more transparent so that taxpayers can understand how much of their money is going to the Government and what it is being spent on.

That drive for transparency is being promoted by all sorts of organisations, not least the TaxPayers Alliance, which, in a major tax transparency campaign, has launched a tax app. For those of us who are rather technologically challenged, that might not be immediately appealing, but that will not be so for enlightened individuals such as my hon. Friend the Economic Secretary, or even my hon. Friends the Members for Harlow (Robert Halfon), for Bury North, and for Shipley (Philip Davies), who are at the forefront of IT developments. The Tax Buster app for smartphones allows shoppers to find out how much they really pay when buying everyday items. With a few details about any particular purchase, it can calculate how much money from an item went on VAT and duties.

Robert Halfon: Can my hon. Friend confirm whether this app would be compatible with BlackBerrys?

Mr Hollobone: I am most grateful for that intervention. I think that the answer is yes. One would have to access the Tax Buster website to find out how to do so. I think that the app is available for all kinds of cellphone technology. I know that my hon. Friend has the very latest gadget.

When an individual puts into the app a few details about their purchase, it tells them how much they had to earn before they paid taxes to have enough money to buy the product. For example, 20 cigarettes that cost £6.49 would have cost £1.24 without indirect taxes. Paying the £6.49—I am looking at my hon. Friend the Member for Dover (Charlie Elphicke), who I believe might occasionally buy the odd cigarette—requires earnings of £11.35 before income and corporate taxes.

Charlie Elphicke (Dover) (Con): I would like to put it on the record that I share wholeheartedly my hon. Friend's concern that cigarettes are over-taxed. That is a clear case for reform, which I hope Treasury Ministers will take on board.

Mr Hollobone: I am most grateful for that helpful intervention.

My next point will be of interest to my hon. Friend the Member for Harlow. Filling the car with £60-worth of petrol would cost only £23.86 without indirect taxes. Paying that £60 requires £104.84 in earnings before income and corporate taxes. For higher rate taxpayers, the equivalent figure is £122.91.

Robert Halfon: I thank my hon. Friend for being so generous in giving way. Does he agree that if the Government do not raise fuel duty as planned in January, the day on which taxation freedom day falls will be much earlier?

Mr Hollobone: That is a very good point and the Economic Secretary has heard it. She will also have heard the voice of the House expressed only the other week in support of my hon. Friend's motion. The burden of petrol taxation has got to such a level that it is probably constraining economic growth in an unacceptable way, at a time when growth from anywhere would be most grateful.

Mr Nuttall: My hon. Friend said what the gross figure would be for a higher rate taxpayer. Of course, we now have two rates of higher tax at 40% and 50%. Does he know to which of those rates his figure applies?

Mr Hollobone: I believe that the figure I quoted is applicable to the lower of the higher rates. The figure would be even worse for those who pay the top rate. I am sure that the Tax Buster app has a facility to calculate the tax burden for those on the very highest rate.

The aim of the app is to bring greater clarity and to illustrate for taxpayers the need for more transparent taxes. The Government have been pushing for more spending transparency, which is welcome. I hope that in her remarks, the Economic Secretary will welcome this effort to make our taxation system more transparent and offer the TaxPayers Alliance the Government's support.

Another great concern for taxpayers is that this country has two big taxes on individual incomes: income tax and national insurance contributions. There are many in this Chamber and many organisations outside who believe that those two should be combined. That would make the taxation system more readily understandable

[Mr Hollobone]

for taxpayers. To most people, national insurance is almost indistinguishable from income tax. Its function is now essentially the same—raising revenue for the Government. Despite performing essentially the same task, the two systems operate in a different manner in eight key ways, for example in the collection period and the definition of earnings. That is unnecessarily complex and adds to the expense of collecting revenue for Her Majesty's Treasury. Most importantly, national insurance contributions obscure the public's understanding of how much they are being taxed. Most debate at the time of the Budget or the autumn statement focuses on the level of income tax. National insurance, despite being extremely important, is often overlooked.

I would support reforming national insurance to align it with income tax, which would cut costs, reduce complexity and improve transparency. I therefore believe that the Government should abolish national insurance for both employers and employees, and combine it into one taxation system. Abolishing national insurance would make the whole thing simpler, cheaper and more transparent.

I have spoken about the simple version of taxation freedom day, but of course we can take the matter a step further. As well as having a national taxation freedom day, we could break it down into regional variations. The Adam Smith Institute has done that for the United Kingdom. It calculates that in 2011, there are huge variations. In Wales, the regional equivalent is after 35 days, and in London it is after 51 days. The taxpayer in London is having to work for 51 days with all their income going to the Treasury, but in Wales it is far less. In the east midlands, where the constituency that I have the privilege to represent is located, it is 38 days.

The institute has also calculated the number of days that it takes Britons as a whole to pay off each individual tax. For example, income tax takes up the first 39 days of the year; national insurance the next 26 days; VAT the next 29 days; corporation tax the following 12 days; fuel duties and petroleum revenue tax the next seven days; local taxes including business rates and council tax the following 13 days; capital gains and inheritance tax the next two days; duty on alcohol and tobacco the next five days; and all other taxes the following 17 days. Again, that helps to clarify the burden of taxation on the hard-pressed British taxpayer and how it is split up by each of the individual taxes that we are all obliged to pay.

I mentioned earlier the briefing that the Government information machine has circulated about my Bill. I have to say, I am very disappointed by it, and it makes a number of points that need to be tackled head-on. I will do that now, so that instead of reading out those points the Minister can respond to them. The Government's first attack point is:

"The methodology for calculating Tax Freedom Day includes all forms of direct, indirect and local taxes. This gives an exaggerated sense of the tax burden on an individual level and does not recognise the progressive elements of the tax system."

I do not share that concern. I do not want to exaggerate anything; all I want is a transparent system.

I would welcome comments from the Government about how they feel the burden of taxation on the average British taxpayer ought to be calculated. I am not particularly fussed about the methodology of that, as long as it is consistent year on year and can be backdated for a reasonable number of years so that we can get a sense of the progression either way. As I stressed at the beginning, my Bill is politically neutral in that sense. It does not argue that taxation is a good or bad thing; it is simply intended to make the way of getting that across to the public as transparent as possible.

The Government's second attack point is:

"Acknowledging the need for freedom from taxation disregards the public benefits that flow from the revenue raised, through public spending. These include some of the country's most important priorities—the healthcare of our people, the education of our young, our nation's security, and the infrastructure that supports our economic growth."

Of course, that is right. We need taxation and public services. I am not arguing with that. My Bill is politically neutral in that sense and does not disregard the public benefits of taxation; it simply aims to get across to the British people how much they are obliged to cough up to pay for those public services.

The third point:

"In the past decade the date for Tax Freedom has varied very little. How can those supporting the Bill justify the expense and Parliamentary time that will be taken up designating a specific date each year?...What assessment have those supporting the Bill made of the costs to the Treasury of the proposed legislation?"

The Government must have been struggling to come up with attack points when they got to that one because I cannot imagine that much expense would be involved in designating taxation freedom day.

Mr Nuttall: Furthermore, as my hon. Friend has demonstrated, over the years tax freedom day has fluctuated wildly.

Mr Hollobone: Indeed. The Office for National Statistics is a thoroughly competent organisation whose judgment we all respect, and I cannot believe that to get this exercise under way would place a massive burden on it or Her Majesty's Treasury. The Adam Smith Institute, through its good offices, has published its version of this information. That is a small, privately funded organisation. Given all of Her Majesty's Treasury's resources, at taxpayers' expense, I am sure that getting this exercise under way would be a small matter. On parliamentary time, we are talking about one statutory instrument a year, and we know that passing hundreds of statutory instruments accounts for only a small fraction of the cost of running Parliament.

Philip Davies: Is it not bizarre that the Government, who are happy to give £18 billion a year to the European Union without so much as a by-your-leave, are quibbling over the cost of setting out when tax freedom day is each year?

Mr Hollobone: It does rather put it into perspective, does it not? I shall not be led too far astray, Mr Deputy Speaker, but I cannot resist adding to the strength of my hon. Friend's point. Our bill to the EU for the last five years of the previous Government was £19 billion, but in the lifetime of the coalition Government to 2015 it is set to be £41 billion. It will more than double.

Charlie Elphicke: May I suggest one saving that could be made to help fund the cost of these regulations? The excellent TaxPayers Alliance recently published a document

showing that we could save £113 million by getting rid of all the full-time paid union officials, which would also enable people to work more effectively.

Mr Hollobone: That is right. That so-called facility time is of huge concern to taxpayers up and down the land. *[Interruption.]* I know that this point exercises some Labour Members, and I can understand their concern—they have their views—but the Bill is a transparency exercise, so those, like Labour Members, who believe in facility time and recognise its value will have no problem recognising that that facility time, which costs hundreds of millions of pounds, will shift taxation freedom day. They can argue the benefits of facility time to the British taxpayer. I happen to disagree with facility time because I do not think that public money should be spent on such things, but I recognise that there are views on the other side. My Bill does not state whether such spending is good or bad; it simply tries to demonstrate its effect on the public purse. That is why I hope that Members on both sides of the House will support the Bill on Second Reading.

My Bill is a small Bill—it does not even run to two pages—it is concise and it proposes the establishment of a simple and straightforward mechanism to let British taxpayers know how much of their money goes each year to Her Majesty's Government through all the different burdens of taxation. It is not just about income tax or national insurance contributions; it tries to add up the total burden of taxation on every man, woman and child in the country. There is a need for transparency, because a particularly enthused member of the public who was trying to work out the burden of taxation might, for example, go to the Finance Bill, which is typically more than 500 pages long, with hundreds of different clauses, or one of the Budget reports, with its supporting documentation, which also run to hundreds of pages, containing huge amounts of detail. However, a taxation freedom day—a calendar point each year that simply illustrated the burden of taxation—would be a lot more readily understood.

Importantly, a taxation freedom day would also help to expose the increasing burden of stealth taxes on our economy. It is all very well concentrating on the headline rates of income tax, the thresholds at which they kick in or national insurance contributions, but as we have seen over the last decade, one of the big increases has been in stealth taxes, particularly council tax, in the hope that the British public would not spot that. However, by having an effect on taxation freedom day, the burden of stealth taxation on our economy could also be exposed.

In closing, I would like to stress that my Bill is politically neutral. It is an attempt to make our country's taxation system more transparent, in a way that, crucially, every individual in the land would readily and easily understand. I very much hope that my hon. Friend the Minister has been persuaded by the power of my arguments and that she will confirm that the Government will support the Bill, because there is enough time in the current Session for it to complete its passage.

1.1 pm

Philip Davies (Shipley) (Con): I commend my hon. Friend the Member for Kettering (Mr Hollobone) for introducing his Bill. He is a great champion in this House not just of his constituents, but of common sense. This Bill is a prime example of the common sense he is trying to bring to bear on this House and on the Government.

I am optimistic, and would urge my hon. Friend to be optimistic too, because in the Minister we have someone who is broad-minded. She will not just be persuaded by the drivel that was written by the Government machine—as I think he so delicately put it—but will listen to the force of his argument. I was certainly persuaded by the power of his argument, and I am sure that other hon. Members were. If we were persuaded, I see no reason why she would not be persuaded either, given her qualities and her open-mindedness. I therefore look forward to a rethink of the briefing from the Government machinery. Indeed, I am sure that her speech is being torn up as we speak, to reflect the points that my hon. Friend made.

My hon. Friend is a reasonable man—something that probably I am not—and he made the point that his Bill is neutral. He did not say whether taxes should be higher or lower; he is merely trying to introduce some transparency. Therein lies the weakness of his Bill, if he does not mind me saying so. I return to the point that I made in my earlier intervention. The Bill would be much healthier if it were far more partisan and made the point that taxes are too high and should be lower. I would therefore love to insert in the Bill a date each year beyond which tax freedom day must not fall, thereby acting as a safeguard to prevent taxpayers from excessive taxation, however bad the Government were in future. When his Bill goes to Committee, as I am sure it will, I would wish to move an amendment proposing that. I think that most taxpayers would welcome it.

My hon. Friend made the perfectly reasonable point that there is a slight discrepancy in how tax freedom day is calculated. I would therefore wish to guard against Governments obsessed with spin—I am sure he can think of some from the not-too-distant past—trying to manipulate the calculation of tax freedom day to suit their own ends and their own agenda. I do not know whether he considered this in preparing his Bill, but although the Government may well be strapped for cash—it seems that they cannot afford to announce when tax freedom day is; I am not entirely sure what the cost incurred in doing so is, but it is clearly substantial—perhaps we should encourage them to state where the UK is in the league table compared with other countries. If every country is being calculated on the same basis, at least we will know, however it is done, that every country is being calculated on the same basis, so we can look at where Britain stands in the league table and see whether we are doing relatively better or worse than other countries. Helpfully, the Molinari Economic Institute has provided such a document based on the reports it produces each year.

Relevant to this debate is the issue raised by my hon. Friend the Member for Kettering about the differences in calculations. He and I think that tax freedom day fell on 30 May this year, which was three days later than it was in the previous year, which might be one reason why the Government have changed their minds about the publication of tax freedom day. They might not wish to draw attention to the fact that tax freedom day is three days later this year than it was last year. I put that out there as a possible explanation for the change of policy.

Those who produced the document that calculates tax freedom day across Europe are clearly more generous

[Philip Davies]

because they have this country's day as falling on 17 May —13 days earlier. I do not think we should be led astray by what date it is; what is important to me is where the United Kingdom falls in relation to other countries in the European Union—and, indeed, countries outside the EU, which also appear in the table. The figures show how competitive our economy is in comparison with our neighbours.

My hon. Friend may be surprised to know that the UK does reasonably well, even though 17 May might seem too long for those who believe that taxes are too high. I would urge my hon. Friend, however, to avoid Belgium like the plague, as Belgian tax freedom day, according to this document, is 4 August. I certainly urge people in Belgium to rise up against their Government and demand lower taxes.

In order that people do not become complacent, I point out that in Cyprus tax freedom day is 13 March. I do not know about my hon. Friend, but I would certainly urge the Government to move more towards a Cypriot level of taxation than to a Belgian one. This gives the Government something to aim for—perhaps a target. I am not usually a big fan of targets, but perhaps the Government could target themselves to beat Cyprus.

Mr Hollobone: My hon. Friend is making an excellent speech, which I am hugely enjoying. Does he have the figures for Greece? Can he confirm whether the Greek Government actually collected any taxes at all?

Philip Davies: My hon. Friend makes a good point. According to the document I have with me, Greece's tax freedom day is 12 June. Whether that was simply an academic exercise rather than a real one, I am not entirely sure. I probably share my hon. Friend's implied view that, for far too many Greeks, tax freedom day was 1 January. I am not advocating that this Government aim for a 1 January tax freedom day, but I am sure they can do better than they are at the moment—on the best analysis I have seen, the middle of May or what we think is actually the end of May.

Charlie Elphicke: Is not a central point about tax freedom days in relation to Greece the need to avoid the risk of creative accounting? We must be sure that accounts are accurate, especially where there has been a change of Government. I believe that the Labour party has so far spent its bank tax nine or 10 times over. We must ensure that, whatever happens, there will be no creative accounting; we must be able to trust the figures.

Philip Davies: My hon. Friend is right, and I believe that the Bill will provide a good safeguard against Governments exercising sleight of hand in their presentation of figures. If we have an independent body—I do not really care whether it is the Office for National Statistics, which is mentioned in the Bill, or the Office for Budget Responsibility—and a set of figures that can be trusted, no matter how many times the Government announce the same tax increases or tax cuts, we would at least know where we stood as we would have trusted figures that overrode the spin. I think that the Bill is a particularly good safeguard against that.

The Adam Smith Institute has been on to this for quite some time, and has helpfully informed people when tax freedom day falls in this country. Although the transparency element is important, what I find most striking is the fact that British people must work for 149 days just to pay their taxes. I was also interested by the regional variations mentioned by my hon. Friend. The Welsh, for instance, spend 35 days paying their income tax, while people in London spend 51 days paying theirs.

I do not understand why the Government do not want to make people aware of how difficult the Government's financial position is. The Adam Smith Institute used a tax freedom day-style mechanism to illustrate the extent of the United Kingdom's debt problem. It calculated that our burden of debt was so great that UK taxpayers would need to work for nearly a year and a half, with their entire wage packet going to the Government and not a penny being spent on public services, just to pay off the national debt.

When the Government talks of our being heavily in debt, whether they are telling us that we are adding £150 billion a year to our debt or that the debt burden is more than £1 trillion, it is difficult for people to get their heads around the figures. Millions used to sound like a lot of money, but nowadays no one is interested unless it is billions. Explaining to people in simple terms that they would have to pay tax for a year and a half without any of it being spent on public services would make the extent of the debt clear to them.

We could also be shown a way out of our financial problems. Sam Bowman, head of research at the Adam Smith Institute, says:

"Tax Freedom Day underlines the huge burden of government on working people's lives. For five months of the year, we are slaves to the state. No wonder growth is so slow—we need robust tax reform now, bringing lower, simpler, flatter taxes. The government should resolve to make Tax Freedom Day something we can celebrate earlier and earlier each year."

I think that Sam Bowman is on to something. When we can see the facts for ourselves, when we worry about where growth in the economy will come from and conclude that it depends on people having more and more disposable income so that they can go to the shops and buy things—thus helping businesses—and when we are made aware of how long people are having to work just to pay their taxes without even having a disposable income, the way out of our debt problem begins to become clear. If we can indeed make tax freedom day arrive earlier and earlier, people will have more and more disposable income that they can use to try to get the economy going. I think that that would help the Government to see a way towards economic growth, which is what will solve our debt problem—together with, I hope, a cut in Government expenditure at some point. They do not seem to have been able to manage that so far.

Let me draw my hon. Friend's attention to the position in other parts of the world, particularly America. Traditionally, America has been far better at generating economic growth than the wretched European Union ever has. This year, tax freedom day in the United States will arrive on 12 April, well over a month before it arrives in this country. Whereas in this country people must work for 149 days just to pay their taxes, in America they need work for only 102. Many of my constituents would much rather work for 102 days than 149.

The great recession has reduced tax collections even faster than it has reduced income. After a long debate, President Obama and the Congress extended the Bush-era tax cuts for two additional years, which is very welcome. Despite those tax reductions, Americans will pay more in taxes in 2011 than they will spend on groceries, clothing and shelter combined, despite the fact that tax freedom day falls much earlier in America.

The statistics in America are calculated by state—my hon. Friend the Member for Kettering gave figures for different parts of the UK—and they are very revealing. Mississippi has the lowest average tax burden of all the states, and its tax freedom day falls as early as 26 March, whereas in Connecticut it falls on 2 May and in New Jersey it falls on 29 April. There are massive regional variations, therefore, and drawing comparisons can serve to promote competition between states. If voters in America can see how their state compares with other states, they might be encouraged to say, for instance, "Well, hold on a minute; if Mississippi can have tax freedom day on 26 March, why can't we have that in Connecticut, too?"

One of the best ways to get Governments to reduce the tax burden is to introduce an element of competition. That is why I want the Bill's provisions to be strengthened so that we encourage the Government to set out in the calculations how the UK compares with other countries in respect of a tax freedom day, and in particular how we compare with countries such as America whose economic growth has traditionally been stronger than ours. After all, if we want to grow the economy, we should want to adopt best practice. Any business that wants to improve its performance will look at what its competitors do. That is how most organisations seek to improve; they benchmark their own performance against that of similar organisations to see what they might do better. I would like the Government to start doing that in respect of taxation rates. If they are forced both to show that lower taxes can be delivered in other parts of the world and to consider how those countries achieve that, they might then try to introduce a similar discipline and focus to this country.

Mr Hollobone: I am sure there will be intense competition for places on the Committee, but does my hon. Friend share my optimism that the Bill might be able to pass through that stage and complete its passage during this parliamentary Session, so that many of his welcome ideas become legislation?

Philip Davies: My hon. Friend is very kind. I would not be so bold as to say that my amendments would improve his Bill, as it is perfectly good in its current form. I am merely using this opportunity to suggest some ways in which it could, perhaps, be strengthened. If my hon. Friend is seeking cross-party consensus and therefore does not entirely share my agenda, I could, perhaps, be persuaded to ditch some of my more strident amendments in order to get the basic measures through. I merely offer these amendments up now to show that the Bill could be improved.

Mr Peter Bone (Wellingborough) (Con): My hon. Friend was making a very good speech up to that point; the idea that he should retreat or give in on any issue is appalling, but when he is absolutely right, as he is on this one, I must ask him to press it very firmly in Committee.

Philip Davies: Again, my hon. Friend is very kind. I am probably more strident than my hon. Friend the Member for Kettering, and my hon. Friend the Member for Wellingborough (Mr Bone) is clearly more strident than I am, so I invite him to take part in more debates that I am involved in to show what a moderate I am. His presence is very helpful in that regard and I thank him for that.

The country is in a massive financial hole. I want to stress that I do not think that the Bill is simply something that will add transparency to the situation so that people can see where they stand; I think it has the potential to be much better and more radical than that. It will give an opportunity for people in this country to start questioning seriously why our rates of tax need to be so high, given that other countries, often ones doing better than us, seem to manage with a much lower rate of tax. If we can get that agenda discussed in politics, we can do something that will transform the British economy—it does need transforming.

We cannot carry on as we are, trying to get ourselves out of huge debt by scoring a few quick singles here and there. We need to go for some boundaries—we need to go for some fours and sixes if we are to get ourselves out of this. Quick running between the wickets, on its own, is not going to make any impression. The Bill has the potential to change radically the way we think about taxation in this country, and about how we press our Governments to do the right thing and be more efficient in the way they do government.

I do not want to overstay my welcome, Mr Deputy Speaker, so I will close on that point, but I say to my hon. Friend the Member for Kettering that, once again, he has put a vital issue on to the political agenda. Although my speech will certainly not have persuaded the Government to support his Bill, I still see no reason why his speech would not have done so. I look forward to the Government supporting the Bill and at least allowing it to go into Committee.

1.22 pm

Mr David Nuttall (Bury North) (Con): As always, it is a great pleasure to follow my hon. Friend the Member for Shipley (Philip Davies), who has demonstrated the great need for this Bill. I start by congratulating my hon. Friend the Member for Kettering (Mr Hollobone) on preparing the Bill and bringing it before the House today. In his opening remarks, he said that he thought that this was a simple and straightforward measure and, of course, in many ways it is. I have a great deal of sympathy for the measure, and I would have thought that hon. Members on both sides of the House could agree on the issue of transparency on tax matters.

I start from the position of broadly supporting the principle of ensuring that taxpayers should be given clear information about the size of their tax burden. I was initially very encouraged that the Bill would go a long way towards improving the transparency of our tax system, but when I began to study the detail of the Bill and consider all the issues involved, I found that in many ways it is far from simple and straightforward.

[Mr David Nuttall]

Indeed, this is a fiendishly complex matter, which is not as simple and straightforward as it may appear at first sight.

I wish to deal with several issues in my contribution, the first of which is why making the tax burden more transparent is so important. Taxation legislation is incredibly complex, covering a wide variety of taxes and duties. Indeed, it is worrying that the list is so long. Most people, when they hear the word tax, automatically think of income tax, but that is just one of several taxes with which the individual might be burdened. To income tax, we can add value added tax, national insurance, capital gains tax, stamp duty, fuel duty, alcohol duty, tobacco duty, air passenger duty, insurance premium tax, landfill tax, corporation tax, petroleum revenue tax, council tax, the climate change levy and the aggregates levy. Then, for anyone who has still managed to live frugally enough to be left with any assets after paying their way through life while paying all those taxes, subject to the various exemptions and the nil rate band, those assets are taxed again, with the imposition of the inheritance tax.

Robert Halfon: Is my hon. Friend not making the case for a flat tax?

Mr Nuttall: There is a great need for simplification of our tax system and a flat tax might well have a part to play in that.

Mark Twain is often attributed with the quotation that the only two certainties in life are death and taxes, and throughout the ages Governments have always cast around for things to tax. Over the years, we have had window taxes, beard taxes and brick taxes. I particularly like—only because it will give me the chance to mention that great son of Bury, Sir Robert Peel—the glass tax that was introduced in 1746, in the reign of King George II. At that time, glass was sold by weight and manufacturers responded to the tax by producing smaller and more highly decorated objects, often with hollow stems, which are today known as excise glasses. If anyone has ever wondered why the crystal glassmaking industry flourished in Cork and Waterford, it was because in 1780 the Government granted Ireland free trade in glass, which continued until 1825, when the tax in Ireland was restored. That led to a gradual decline in the industry until the glass tax was finally abolished by that great son of Bury, Sir Robert Peel, and his Government in 1845.

The complexity of today's tax legislation is perhaps best illustrated by the fact that Pythagoras's theorem can be set out in 31 words—I was told it was 24, but when I counted there were 31—the Lord's prayer contains 66, the 10 commandments contain 179, the US declaration of independence contains 1,300 and the entire United States constitution, with all 27 amendments, apparently contains 7,818, but to get to grips with the United Kingdom's tax system, one would have to purchase several weighty volumes such as Tolley's tax manuals, setting one back several hundred pounds.

Jacob Rees-Mogg (North East Somerset) (Con): Is it, however, shorter than the acquis communautaire?

Mr Nuttall: My hon. Friend makes a very good point. That would weigh even more, I am sure, and it is certainly weighing more on the efficiency and competitiveness of British business. As he will be aware, my view is that the sooner we can free ourselves from the acquis communautaire the better.

When one considers those facts, it is no wonder that adopting a simple way of demonstrating to people the size of their tax burden by calculating and publishing the number of days the average individual would have to work to discharge it is such an attractive idea. The result of all the complexity, of course, is that people do not understand how much tax they really pay, but putting it in terms of how many days the average person has to work solely to pay taxes would start to bring it home to people.

Philip Davies: May I float another idea past my hon. Friend? Not only should the day on which people have paid off their taxes be announced as tax freedom day, but there should also be an announcement of the day on which the Government's spending programme has been matched fully by taxation. In America, tax freedom day is on 12 April, but if all the money to pay for all the Government spending had to be collected—$1.48 trillion more—the date would be 23 May. Perhaps we should also see what the gap is between taxation and the amount that the Government are incurring in expenditure.

Mr Nuttall: My hon. Friend makes a very good point. That could be dealt with in Committee; we could amend the Bill to include that date as well. That opens up a whole new area of complexity, because there is not only the difference between income, expenditure and the actual spending programme to consider but the effect of existing debt that needs to be paid off.

Let me deal with the Bill in a little more detail. Clause 1(1) requires the Chancellor of the Exchequer to specify one day each year that

"shall be observed as Taxation Freedom day."

Unfortunately, the Bill is silent on how we as a nation are to observe this great day. I understand the reluctance of my hon. Friend the Member for Kettering to suggest having another bank holiday, but I submit that it might be appropriate to mark the day with an annual debate in the House on the ways in which the burden of taxation could be reduced in future years and hence the day brought forward.

Mr Hollobone: I am enjoying my hon. Friend's speech hugely, and that is a most constructive suggestion. In formulating the Bill, I had in mind that at the very least the Chancellor of the Exchequer could make an oral statement to the House and we could then question him or her on the taxation freedom day proposals, but an annual debate—with a motion, one would hope—would be excellent.

Mr Nuttall: I am grateful to my hon. Friend.

Mr Bone: Will my hon. Friend make it clear that if there were to be such an oral statement by the Chancellor, it should be made to the House first rather than being given to the media in advance?

Mr Nuttall: Yes; in view of recent publicity I am sure that all Government Ministers will want to make announcements to the House first.

The purpose of tax freedom day is set out clearly in clause 1(2), as being to mark the day in each year when

"the United Kingdom's net national income (calculated from the beginning of the calendar year) reaches the level of the United Kingdom's estimated level of national taxation for that calendar year."

At this point the whole matter becomes more complicated. The term "total national taxation" is helpfully defined in clause 1(3) as including

"all forms of direct, indirect and local taxation",

and as my hon. Friend the Member for Kettering mentioned, the task of making this calculation is given over to the Office for National Statistics. However, the problem with that approach is that very few people's personal tax freedom day would actually coincide with the day specified under the Bill. Levels of council tax vary throughout the country and dwellings are divided into several bands within council tax. It seems to me that in this age of personalisation of services, the Bill could usefully go on to provide for the notification to each individual taxpayer of their personal tax freedom day.

That is not a new idea. In Canada, the Fraser Institute provides a personal tax freedom day calculator which takes into account variables such as the age of the head of the household, their marital status and the number of children they have. I wonder whether the TaxPayers Alliance app for mobile telephones and tablet computers that my hon. Friend mentioned earlier could be adapted to provide a personal tax freedom day for individuals.

What about so-called non-taxpayers? I am always mystified by the term "non-taxpayer". I accept that there are people who, for various reasons, might not pay income tax, and thanks to the steps that this Government are taking, fewer and fewer people are paying income tax. I am pleased that we are moving towards the target of a £10,000 personal allowance each year. That is a huge improvement in the field of tax simplification and it has meant, for example, that this year's £1,000 increase in the personal allowance has removed an additional 800,000 people from the burden of paying income tax.

However, we should not fall into the trap of thinking that those who do not pay income tax are non-taxpayers. They could still be liable for council tax. They may still have to pay insurance premium tax. If they travel, they will have to pay air passenger duty. Whenever they purchase goods or services that are liable for VAT, they will have to pay value added tax. The list goes on.

Charlie Elphicke: I thank my hon. Friend for giving way; he is being extremely generous in taking interventions. My own research has indicated to me that the effective tax rate on the least well-off in the past 10 years, under the previous Government, was higher than the effective tax rate on the richest. That is the inequality fostered under the previous Government.

Mr Nuttall: Yes, and we must not allow ourselves to think that people who are non-income tax payers are non-taxpayers. There is a great difference. They would, I suspect, be very surprised if the total tax liability from all the various forms of indirect taxation was calculated and expressed, as the Bill seeks to do in a general way for the nation, as their own personal tax freedom day.

We should ask ourselves why this approach to transparency has not been adopted before now by the Government and by previous Governments. The idea of a tax freedom day was developed decades ago in 1948, in the aftermath of world war two, when a Florida businessman who went by the great American name Dallas Hostetler trademarked the phrase "tax freedom day". He proceeded to calculate it for the nation for the next two decades until he retired in 1971, when he transferred the trademark to the Tax Foundation, which ever since has continued to calculate the American tax freedom day. It is used as a mechanism for illustrating the proportion of national income that is diverted to fund the annual cost of Government programmes.

As my hon. Friend the Member for Shipley mentioned, since 1990 the Tax Foundation has been calculating a separate tax freedom day for each state. The concept of calculating a nation's tax freedom day is enormously popular around the world. Dozens of countries produce their own calculations. There are too many, the House will be relieved to hear, for me to list individually. What is important for the purposes of comparison is for the calculations to be based on the same year. Fortunately, that can be done in the case of the European Union.

Last year a newspaper in Brussels entitled *L'Anglophone* compared the tax burdens for workers earning a typical wage in each of the 27 member states of the European Union. It took into account the income tax contributions and the social security contributions made by the employee and the employer, and included a projected value added tax contribution. From this research we see that the latest tax freedom day in one of the member states occurred in Hungary. It was 6 August, the 218th day of the year, representing a tax burden of an eye-watering 59.4%. The earliest tax freedom day in the EU was in Cyprus—this endorses the statistics produced by my hon. Friend—where it was calculated to be 13 March, or day 72, representing a tax burden of just 19.4%.

The importance of establishing a correct basis for calculation is perhaps best illustrated by looking at just one of those countries: Belgium. The accountancy firm PricewaterhouseCoopers calculated that for the second year running tax freedom day in Belgium fell on 8 June, whereas *L'Anglophone* research indicated that it fell almost two months later on 3 August, or day 215, representing a tax burden of 58.5%. The authors of *L'Anglophone* explained the discrepancy by noting that PricewaterhouseCoopers's figures

"count revenue from all taxes (including those on corporate profits, petrol, cigarettes, &c.) and thus present a more complete picture of the country's total tax burden."

They added that it is

"an average applied to all Belgians—not all Belgian workers; in 2008, less than half of Belgium's population (4.99 million working out of 10.67 million citizens) was legally working. Consequently, a huge share of Belgium's tax burden is borne by the working population."

That demonstrates the need for consensus around the world on an agreed formula for calculating tax freedom day, and I submit that that should be discussed and agreed at a future meeting of the G20. It also demonstrates the complexity of the tax involved and why for many people a personalised approached might be the way forward.

[Mr Nuttall]

Another complication that would become apparent when comparing one year with another is the effect of a leap year. Indeed, next year will be affected, as 2012 is a leap year. It is worth noting that leap years have a slightly distorting effect on comparisons, to the extent of 1/366, or 0.27%.

I must deal with one of the major criticisms I have heard levelled at the idea of publishing a tax freedom day: the notion that that somehow devalues the importance of the work done by those engaged in public service. I do not accept that for one minute. I think that the British people are quite capable of recognising the need to pay our armed forces and police forces and all those who are essential public sector employees. The introduction of a taxation freedom day will provide citizens with a reminder of the amount of tax they pay and an opportunity to consider whether what they pay is reflected in the value of the public services they receive.

I have another concern, about the requirement set out in clause 1(2) stating that the UK's net national income will be

"calculated from the beginning of the calendar year".

I understand that the Adam Smith Institute calculates tax freedom day in that way. Indeed, having looked at the systems used around the world, it seems that calculating it from the start of the calendar year is the usual way. However, I suspect that that has arisen because in America the tax year is the same as the calendar year and, as the concept of tax freedom day started in America, that is what has been adopted in other countries.

Here in the United Kingdom, however, we of course run our tax year from 6 April, so I wonder whether it would not be simpler and easier to calculate the figures for notional income and the level of taxation on the same basis as the tax year, rather than the calendar year. Again, we could consider that in more detail in Committee.

The calculation period is particularly relevant when one considers the Chancellor of the Exchequer's duties, which are set out in clause 2. The Chancellor will be required before the last day of November to estimate the taxation freedom day in the following calendar year, which will mean having to estimate the levels of taxation and spending for the following year before the annual Budget. The whole process might be better aligned with the annual Budget, however. Indeed, it could become a centrepiece of each year's Budget, so that when the Chancellor made the annual statement he announced the annual tax freedom day.

It would of course be simple to base the calculation on the traditional tax year, and for the number of days required to be calculated on that basis. For example, if the 2011 Adam Smith Institute figure for the UK of 149 days—representing 40.8% of the year—had been calculated from 6 April, taxation freedom day would have been 1 September, and for the purposes of international comparison it could then, as it is now, be given as 30 May, the equivalent date from a 1 January start.

There is a further problem with calculating a national figure, and it arises in respect of Scotland. The Scottish Parliament now has limited tax-raising powers of its own, and if it exercised them it would lead to a distortion of the national figure. The existing power to increase income tax by 3p in the pound has not been used, but, when the new powers become available after the passage of the Scotland Bill, and with a Scottish National party Government in power in Scotland, they could be used, so a separate figure ought to be calculated for Scotland. It would not be fair or equitable for the UK Government to be criticised for spending decisions taken in Holyrood.

In conclusion, the Bill raises important issues about the levels of taxation and spending. Increased transparency in Government spending is vital, and I warmly welcome the measures that the Government have already taken to reveal the detail of public expenditure. Shining the searchlight of public scrutiny on the spending decisions of politicians is without doubt one of the best ways to control Government spending, and such moves help at the micro-level, but this Bill will extend the principle of public scrutiny, openness and transparency to the macro-level.

A single, simple day can be tracked each year. It can be monitored, and I venture that it could become a feature of general election contests, with the parties including in their manifestos their target for tax freedom day over the lifetime of the following Parliament.

I sincerely hope that the Bill receives its Second Reading and is able to proceed into Committee, so that we can take it through its remaining stages when we meet again on 20 January.

1.49 pm

Rachel Reeves (Leeds West) (Lab): I congratulate the hon. Member for Kettering (Mr Hollobone) on securing this debate, which is clearly of great importance to him. He referred to two dates: 1972, when tax freedom day would have been earliest in the year, and 1982, when it would have been latest.

In 1972 we had a three-day week, so there was not much happiness, and there would not have been much to celebrate on taxation freedom day. In 1982, we had unemployment of 3 million. The reason taxation freedom day came so late that year might be that there were not enough jobs and more was being paid out in benefits with not enough coming in via tax revenue.

The hon. Member for Shipley (Philip Davies) said that he would like us to be more like Cyprus and less like Belgium. The Belgian economy has grown by 1.8% over the past year, and Cyprus is one of just three countries in the European Union, along with Portugal and Greece, that has had a slower rate of growth than the anaemic growth that we have seen in the UK this year. I think that many of our constituents would rather we were a little more like Belgium, with stronger growth and lower unemployment, and a little less like Cyprus, but we may differ on that.

Philip Davies: I take it from what the hon. Lady has said that the Labour party's official stance is that it would like taxation freedom day in this country to be 4 August.

Rachel Reeves: No, that is not our stance. If the hon. Gentleman would like us to be a bit more like Cyprus, he might want to look at it in the round, because, as I said, Cyprus is one of just three countries in the European Union that has grown at a slower rate than the UK this year.

Conservative Members have spoken about the difference between taxation freedom day in the US and in the UK. One of the reasons taxation freedom day in the US will come a little earlier is that it does not have a national health service, and, as a result, people have to pay from their own income for the health service. If hon. Members took into account how much individuals and businesses contribute towards health care insurance in the US, they might find that its taxation freedom day came a little later in the year—perhaps even later than in the UK.

My main question is why we need a Bill on this. Hon. Members, particularly the hon. Member for Kettering, have spoken about the work of the TaxPayers Alliance and the Adam Smith Institute. If they have all the facts and figures, why do they not organise a celebration for taxation freedom day? Why do we need Government legislation? If we had Government legislation on taxation freedom day as a result of passing this Bill, the day might fall a little later in the year because of the additional costs.

Mr Bone: Surely the hon. Lady is not saying that the cost of announcing taxation freedom day would shift it by one day—that is patently absurd.

Rachel Reeves: I am sure that the hon. Gentleman would agree, though, that there would be costs associated with the legislation, the statutory instrument, and civil servants' time. I wonder why hon. Members want more legislation when presumably they really want less legislation and less money spent on civil servants and so on.

Jacob Rees-Mogg: The hon. Lady has converted me. I always thought that Palmerston was right when he said that the House of Commons would eventually run out of things to legislate on. It is a thoroughly good idea that we should run out of things to legislate on and not legislate for everything we feel like. For once, I have been converted by a Labour Front Bencher.

Rachel Reeves: I am not sure whether to celebrate that, but this does seem to me to be a strange thing to want to have a piece of legislation on.

Mr Hollobone: An interesting comparator would be the interest that my hon. Friend the Member for Wellingborough (Mr Bone) has taken in human trafficking. Her Majesty's Government have designated an anti-slavery day and given it official recognition. All the Bill asks the Government to do is officially to recognise taxation freedom day.

Rachel Reeves: That does not seem necessary to me, but I guess that the hon. Gentleman and I disagree. If the work of the TaxPayers Alliance and the Adam Smith Institute is as fantastic as he thinks, why could they not organise a celebration, as other groups organise days to celebrate things? One does not necessarily need legislation in order to celebrate a day that one thinks important.

Mr Bone: There is a serious point here. Everyone knew when anti-slavery day was, but its official recognition by the Government lent weight to its importance. That is the reason taxation freedom day would be so important.

Rachel Reeves: I guess that we disagree on that. There are costs associated with all these things and I do not think this is a cost that my constituents and many hon. Members' constituents would want to bear.

That brings me to my main point. This is a worrying time for businesses and families throughout the country. They are struggling with higher food prices and fuel bills, and are worried about their jobs and their children's future. I am not convinced that the hon. Member for Kettering has explained what the Bill would do to help an ordinary family in Kettering who are struggling with stagnant wages, high unemployment and high inflation. In Kettering, there has been an increase in long-term youth unemployment of 127% since January this year.

It seems to me that the most important thing that Members of Parliament can do in representing our constituents is to put in place policies to address those issues. I am not sure that celebrating tax freedom day would help get young people back to work, help families facing a squeeze in their living standards or help businesses that are seeing demand dry up. I am certainly not sure what it would do for the 4,000 people who are unemployed in my constituency of Leeds West.

One tax that the hon. Member for Kettering might want to change is VAT. I wonder whether next Tuesday he and other Government Members will support the Opposition when we argue that VAT should be cut temporarily. That would bring forward tax freedom day and put £450 in the pocket of the average family. It would be a real step to help families and businesses across the country.

The hon. Member for Dover (Charlie Elphicke), who is no longer in his place, spoke about the tax on cigarettes. Many people would think—*[Interruption.]* Oh, here he is. Welcome back. It seems that if anyone mentions cigarettes, he is automatically in his place. Most of our constituents recognise that cigarettes should be taxed because they have social costs beyond the cost of producing and selling them. However, if one looks at the increase in the cost of petrol that we all face when we fill up our cars, reducing VAT back down to 17.5% would reduce the cost of petrol by 3p in the pound.

Philip Davies: If the hon. Lady is so keen for people to have an extra £450 back in their pocket, which I could certainly support, will her party propose a reduction in income tax to deliver that? If her party proposed cutting income tax to give £450 back to people, I might even be tempted to support it.

Rachel Reeves: The hon. Gentleman mentioned earlier—or it might have been the hon. Member for Bury North (Mr Nuttall), but I am sure that they agree—that the increase in the income tax threshold means that fewer people are paying income tax. The good thing about reducing VAT is that it has a progressive effect, because people on lower incomes spend a higher proportion of their income on VAT than people on higher incomes. A reduction in VAT would therefore help to get money in the pockets of the people who most need it at the moment in a way that a cut in income tax would not.

Robert Halfon: I am grateful to the hon. Lady for being so generous in giving way. She said that one way to reduce petrol and diesel prices would be to cut VAT. Is it not the case that the majority of businesses get their

[Robert Halfon]

VAT back? What most people want is a fuel duty cut, which is why I welcomed the Government's cut in fuel duty in the last Budget and hope that they will not increase it next year.

Rachel Reeves: The reduction in VAT would put money in the hands of families. Of course, most people who run businesses are also part of a family, so they would benefit from the reduction in VAT. Labour's five-point plan for jobs and growth also includes a national insurance holiday for small businesses taking on new employees, so that plan would help families and businesses up and down the country.

Mr Bone: Are Government Members to assume that the hon. Lady has absolutely no support from her party, as the Opposition Benches are completely empty?

Mark Hendrick (Preston) (Lab/Co-op): I'm here.

Mr Bone: Well, they were empty.

Rachel Reeves: I think my hon. Friends are where I would like to be today—in the constituency meeting constituents, rather than here. I usually try to go back to my constituency on a Thursday, as do many other MPs. Of course, the Members who are here today think that this issue is more important than doing work in their constituencies.

Charlie Elphicke: A few moments ago, the hon. Lady mentioned the taxation of cigarettes. Seeing my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) in the Chamber, it is only right that I remind her that the Roman emperor Marcus Aurelius said in his "Meditations":

"Into every life a little rain must fall."

Those of us who smoke have enough rain with the health hazard, without massive taxation on top.

Rachel Reeves: I am afraid I only went to a comprehensive school, so I did not study Latin. Maybe the hon. Member for North East Somerset (Jacob Rees-Mogg) would like to do some interpretation.

The hon. Member for Kettering reminds me of my holidays when I was at school. As he knows, I used to go to Kettering in all my school holidays, because my grandparents lived there. I still have many family members in Kettering.

Philip Davies: Do they vote for him?

Rachel Reeves: I expect not.

I was just thinking about the lives that my grandparents led and the things that mattered to them. Every day, they benefited from what happened in both the public and private sector. They worked in the shoe factories in Kettering, as the hon. Member for Kettering knows—we have discussed it before. However, they also lived in a council house, when they were ill they used Kettering general hospital, and their children went to state schools in Kettering. My father went to Kettering grammar school.

Having a tax freedom day suggests that until that date in May, June or whenever it falls, people are contributing to someone or something else, or to the Exchequer. Actually, the money that they pay in taxes every day from the beginning of January until the end of December is used for things that matter to them, for instance building council houses such as my grandparents lived in, paying for teachers and for schools such as they went to and paying for nurses and doctors in the hospital that treated them when they were ill. It seems a little irrelevant to have a tax freedom day, because whether it is 5 February or 25 November, people need both what they pay their taxes for and disposable income to pay for things that matter to them. That is why those suggesting a tax freedom day misconstrue the situation.

Charlie Elphicke: The hon. Lady makes the point that public services need to be funded. Does she not recognise that tax is needed also to fund the interest on the Government's debt, much of which was added by the previous Government? Does she share my regret that we have so much debt as a nation?

Rachel Reeves: The reality is that because the current Government have failed to get a grip on growth, and because unemployment is rising and inflation is higher than forecast, borrowing is now expected to be £46 billion higher over the course of this Parliament than they had previously planned. When the Office for Budget Responsibility reports next week, we are likely to see that Government borrowing will be higher still.

The point is that we cannot reduce the budget deficit just through tax increases and spending cuts. We also need economic growth, and we can see the difference between the UK's growth rate of 0.5% over the past year and the higher rates of other countries such as the US, Canada and even Italy. We cannot reduce the deficit and get debt down unless the economy is growing again and creating jobs; otherwise, we will end up paying more out in benefits and getting less in through tax revenues. That is why the Government's deficit reduction plans are not bearing fruit—they do not have the strategy for growth upon which all that hinges. I believe that if we want to reduce the deficit and get our constituents back to work, we need a plan for jobs and growth. Without that, borrowing will continue to get higher and tax freedom day will be a little bit later in the year.

I was looking earlier at Labour's five-point plan for jobs and growth and wondering how much of it Conservative Members, particularly the hon. Member for Kettering, might support. The first point is a temporary reduction in VAT, which he might support because it would bring forward tax freedom day to slightly earlier in the year. I suspect that he would not support the second point, which is a £2 billion tax on bank bonuses, although most of our constituents would not be affected by it. The bank bonus tax would be used to fund 100,000 jobs for young people, which would get more people back to work and paying taxes and mean that less was being paid out in unemployment benefits. Perhaps that, too, would bring forward tax freedom day.

The third point is the introduction of long-term investment projects. That might sound like something that the hon. Gentleman would disagree with, but if it

helps people to get back to work, particularly in the construction sector, perhaps Conservative Members would support it. It would get more people back to work and paying taxes. The fourth component of Labour's five-point plan for jobs and growth is a one-year cut in VAT—to 5%—on home improvements. Perhaps Conservative Members could also support that, given that it is a tax cut. The fifth point is a one-year national insurance tax break for every small firm taking on new workers. I hope that they could support that, too, because it would help small businesses to take on more employees and get the economy moving again.

Charlie Elphicke: The hon. Lady mentions a long wish list but what would be the total cost in extra public spending?

Rachel Reeves: The Government will be borrowing more this Parliament because they are paying the costs of economic failure: they are paying the costs of having 2.62 million unemployed people, including 1.02 million unemployed young people; they are paying because growth, at 0.5% over the past year, is lower than the Office for Budget Responsibility forecast; and they are paying for the higher levels of inflation, which was 5.2% in September compared with the 4.3% that the OBR forecast, which means that we are paying out more in benefits.

The Government are borrowing £46 billion more this Parliament, and as I said earlier, that number is likely to rise next week because the Government have not done enough to get the economy moving, to get people back to work and to contain inflation. The VAT increase led directly to that increase. I accept that these policies would cost money but they would get people back into jobs, get the economy growing again and reduce the budget deficit at a more balanced pace. As Conservative Members have said in the past couple of days, it is clear that although targeted tax cuts now might mean a bit more borrowing, they would help to get the economy back on track, which would also help to reduce the budget deficit in a balanced way.

Charlie Elphicke: But would that extra borrowing not put at risk our interest rates? I do not know whether the hon. Lady is aware, but today the interest rates on UK gilts are lower than those on German bunds. I do not know when that last happened. The risk is that if we borrow more, interest rates will be higher, which will have vastly more negative effects on our economy than the current spending squeeze—

Mr Deputy Speaker (Mr Nigel Evans): Order. I do not want this turned into a general economics debate. I ask the hon. Lady to focus on the Bill.

Charlie Elphicke: May I finish first, Mr Deputy Speaker? That would delay tax freedom day.

Rachel Reeves: It is good to know that the hon. Gentleman will talk about more than just the cost of cigarettes. The last time I looked, yields on German Government bonds and UK gilts were 2.14% and 2.16% respectively. I do not know whether that changed when he nipped out of the Chamber for a cigarette.

Market traders are looking for a deficit reduction plan, but they are also looking for economies that will grow. Economic growth is a component of reducing the debt and tackling the budget deficit. Unless we have growth, we pay out more in benefits and get in less in taxes. If we want tax freedom day to be a bit earlier in the year, we need more people in work and more businesses succeeding, which is why Labour's five-point plan for jobs and growth is so important to getting people back to work and achieving the balanced deficit reduction that we need.

In conclusion, I do not support the Bill. It is not a good use of Government time, parliamentary time or taxpayers' money to celebrate a tax freedom day. Our constituents would all prefer us to concentrate on the things that matter to them: jobs, growth and the squeeze on living standards. The Minister said earlier in the week that the Government were on track to meet their deficit reduction plans. It would be interesting to hear what she has to say about that today, ahead of the OBR's numbers' coming out next Tuesday. I believe that a policy of targeted tax cuts to help families is more in touch than the Government sticking doggedly to plan A. I thank the hon. Member for Kettering for giving us a chance to debate these issues today, and I am sorry that I am unable to support his Bill.

2.10 pm

The Economic Secretary to the Treasury (Miss Chloe Smith): I congratulate my hon. Friend the Member for Kettering (Mr Hollobone) on securing this debate and those who have spoken in it. By way of a preamble, you, Mr Deputy Speaker, may know that, like Kettering, my Norwich North constituency has a fine history of shoe factories, which sits alongside a history of manufacturing chocolate, mustard and many other fine products that Members are welcome to come and enjoy on their holidays.

The House will be aware that my right hon. Friend the Chancellor will make his autumn statement on Tuesday, so I will not set out the Government's plans for the future in this debate. However, with that caveat, I will address—or attempt to address—the extensive points made by my hon. Friend and others, with reference to the principles for good taxation, tax simplification and transparency and, of course, the public finances and public spending.

In many ways, tax freedom day is an absolutely excellent idea. We all insist on knowing what we are paying for our goods and services, whether they be chocolates, shoes or anything else. Where we have ongoing payments, we adjust our direct debits so that we know what we owe and pay only that. Understanding the value of paying tax in some simple way should not be sniffed at. To quote the HMRC slogan—I cannot quite believe I am doing this on the Floor of the House—"Tax doesn't have to be taxing". Tax and our understanding of its value to the Government should be simple. None of us wants tax to be imposed sneakily, through the back door. We want tax to be proudly transparent.

There is a problem, however, which is that our lives are not that simple. If I paid only income tax, perhaps a basic "money in, money out" assessment could be made, but we have a variety of taxes in this country, which helps to maintain a balance for the individual and the

[Miss Chloe Smith]

state. Tax provides carrots for some activities and sticks for others. Talking of sticks, I suppose I should note what my hon. Friend the Member for Dover (Charlie Elphicke) said, which surprised me somewhat, because I am told that he told the Finance Public Bill Committee in 2010 that he was giving up. Perhaps he would like to confirm that—or not—in the remainder of this debate. *[Interruption.]* I beg my hon. Friend's pardon.

Let me return to the more serious content of the debate. Tax rightly provides carrots and sticks, and people will experience taxation differently, depending on their circumstances and choices. For example, my personal tax freedom day may vary if I go out for dinner tonight or drive an extra 30 miles—my hon. Friend the Member for Harlow (Robert Halfon) will remember what I said in a debate with him only a few days ago. If my daily income varies depending on my daily work, my personal tax freedom day might also be different. In summary, if, like some television personalities, I was a supercar-driving, spirit-consuming, cigar or cigarette-smoking, house-buying, asset-selling additional rate payer, I would experience an entirely different tax freedom day from many others.

If our intention is to bring about a better understanding of what happens to our income and how much tax we pay, let us try to do that by striving to improve the perception and interaction of our taxes. We need to be clear about what tax revenue does and about the value of the interaction between the individual and the state. These are complex issues, which sadly are not captured in the calculation of tax freedom day, as set out in the Bill.

Let me work through some of the points raised by my hon. Friend the Member for Kettering and others. I applaud his championing of the great British taxpayer, and I absolutely applaud his drive for transparency. One strong point of the Bill is that it turns to the independence of the Office for National Statistics. At this point, Mr Deputy Speaker, you would expect me to underline the independence of the Office for Budgetary Responsibility, too, and the benefit it can bring to the way we look at taxation and public spending.

I have heard the point that national tax freedom day has moved by more than 30 days. I was extremely interested to hear the historical point made by my hon. Friend the Member for Bury North (Mr Nuttall) who noted, if I recall correctly, that in 1900, it was 22 days —*[Interruption.]* Does my hon. Friend want to intervene?

Mr Nuttall: I do not have the figures with me, but I think the Minister is giving the figures for America. There was, however, a clear link between them and the figures for here, demonstrating that there has been a massive increase in the tax burden since the turn of the 20th century.

Miss Smith: I thank my hon. Friend for that clarification. I was briefly about to exercise my mental arithmetic by suggesting that while it was 22 days in 1900, it was 19 days in 1910, demonstrating that these figures, like all good things in life, can go down as well as up.

I particularly note the birth date of my hon. Friend the Member for Kettering. May I briefly wish him a happy birthday—with, dare I say it, his 50th birthday falling only the year before the next general election? What a miserable time to have one of one's major birthdays—in 2004 and 2014! We must do our best to give him a happier birthday in this place than he would otherwise look forward to.

My hon. Friend rightly pointed out that the Government have no money of their own. Taxation is not the Government's money; it is never that. Taxation is people's money pooled for the common good. That is my view of taxation. I should note that we spent a good deal of time earlier this morning talking about the value of society in debating the previous Bill. Margaret Thatcher spoke about there being "no such thing as society", but only individuals. The current Prime Minister has moved the point forwards by saying that there is such a thing as society, but it is not the same as the state. I put myself in both those traditions and, I hope, alongside the views of my hon. Friend the Member for Kettering in feeling myself to be on the side of people who work hard, want the Government off their backs and want to be left with as much money as possible in their pockets to spend according to their own choices.

I was interested to hear the debate about whether tax freedom day would be better under a Conservative or a Labour Government. I note that there might be a cricketing correlation here. I suspect that my hon. Friend the Member for Shipley (Philip Davies) is a cricketing fan, as am I. He might be interested to think about the successes of the national side in 1981-82, when I regret to have heard tax freedom day might have been at its peak. He is interested in fours and sixes and not singles, so let us see what we can achieve now that England is once again at the top of the cricketing league. Let us hope that Britain is at the top of other leagues.

My hon. Friend the Member for Shipley wishes, I think, to oblige the Government to make tax freedom day as early as possible. I note briefly that his comparison to the United States could be unfortunate, given that a number of American politicians have recently pledged never to increase taxes, which has led to some gridlock in the US political system. I am not sure that we would want to see that here, given the attendant impact on the credit rating of that great country.

Some interesting points of difference have emerged, which it would no doubt be delightful to iron out in Committee. One is about how we might celebrate tax freedom day: should we have a bank holiday or achieve it in some other way? An additional bank holiday will always impact on the economy. Many business people in my constituency and doubtless elsewhere express concern at the idea of having an extra bank holiday.

Philip Davies: Thanks to organisations such as the Adam Smith Institute, we are aware that tax freedom day this year is on 30 May. Does the Minister think she could get the combined brain power of the Treasury on to the case to work out when, if the Government were planning to collect enough in taxes during this year to finance all their spending, tax freedom day would fall?

Miss Smith: I am sure that the combined brains of the Treasury could make those calculations, but I regret to say that my brain, combined or otherwise, is not agile enough to engage in such mental arithmetic on the spot for my hon. Friend's benefit.

I think that learning of the existence of a "tax app" has enhanced all our lives today. I have only recently acquired a more sophisticated phone. I could not possibly reveal the brand name, but Members should note that I am now tweeting. They may wish to begin following my tweets, as no doubt others will.

As I have said, I noted what was said about taxation on items such as cigarettes and fuel.

Regional variation has been mentioned. My hon. Friends clearly do not want centralised uniformity in any shape or form, and I do not imagine that they would want taxpayers in London, by dint of legislation, to have to pay the same as taxpayers in Wales, or vice versa. I am sure that they support the Government's actions in not only rebalancing the economy in the direction of a thriving private sector everywhere in the United Kingdom, but creating a thoroughly localist agenda to give people as much freedom locally as possible.

My hon. Friend the Member for Shipley mentioned Belgium and Cyprus. He will be aware that Belgium has had no Government at all for the past 528 days. He might welcome that in principle, but regrettably I am not sure that the average Belgian punter does.

My hon. Friend the Member for Bury North took us for a canter through many different types of tax. He cited Twain, mention of whom, as a lover of literature myself, I always welcome in any debate. He also succeeded in teaching me about the crystal and glass industry—and perhaps you as well, Mr Deputy Speaker. I do not know whether you knew that the stems of some glasses are hollow, but I had no idea that that was the case. In the words of Abba, if I had a little money in a rich man's world, I might know more about expensive glass and crystal.

Mr Bone: The Minister is making a delightful speech, but it has very little to do with what we are discussing today. It appears to me to be a filibuster, intended to prevent the Bill from securing a Committee stage. Is that what the Government are up to?

Mr Deputy Speaker (Mr Nigel Evans): Order. Had I heard a filibuster I would have stopped it, as the hon. Gentleman knows.

Miss Smith: Thank you, Mr Deputy Speaker. I had assumed that my hon. Friend the Member for Wellingborough (Mr Bone) would appreciate a Minister's taking the points made by Back Benchers seriously and dealing with them individually, which is what I am endeavouring to do.

Let me return to the subject of tax freedom day, as it is right for me to do in the remaining minutes that are available. My hon. Friend the Member for Kettering invited me specifically to rebut four points. He felt that an aspersion had been cast on the methodology proposed in the Bill. The aspersion that I would cast is that there is no such thing as the average person. That is what chiefly concerns me about the calculation establishing when tax freedom day should fall: I do not believe that it would represent the average citizen in a meaningful way.

My hon. Friend asked me to deal with the way in which the proposed methodology does or does not regard or disregard public benefits. I am glad that he welcomes the fact that taxation has another side, namely what can be done with the money once it has been collected. I shall say more about that in a moment.

My hon. Friend also asked me to discuss whether tax freedom day had or had not varied very little in the last decade. I think that that has been covered by earlier remarks, and by the clarification offered by my hon. Friend the Member for Bury North. The numbers do go up and down by small amounts. Like other Members, I have reservations about whether we should burden the Office for National Statistics with this further task—and, indeed, whether we should burden the Treasury, which, as Members will know, is one of the smaller Departments in terms of the number of people who work there. No doubt Members welcome that, and do not wish it to become any larger.

Philip Davies: Given that the Economic Secretary has made such great play of the burden this would impose on Government, will she tell us what estimate the Treasury has made of the increased costs the Government would incur by introducing this measure?

Miss Smith: Unfortunately, I do not have that figure to hand, but I will be happy to look into the matter.

As I suspect my hon. Friend has often argued, both small and large businesses find regulation burdensome, as do citizens. The Government have therefore endeavoured to reduce the amount of regulation, and I question the need for this measure as it is an extra piece of regulation. My hon. Friend also noted that as we can spend on Europe, we should be able to spend on this measure. I agree with his point: we all wish to keep firm control on what we spend in respect of the European Union.

In the March Budget, the Chancellor set out the Government's principles of good taxation. Our taxes should be efficient and support growth. They should also be certain and predictable: they should be simple to understand and easy to comply with. The tax system should be fair, and should reward work, support aspiration and ask for the most from those who can afford it most. Those are the principles to which we are committed, and against which our tax system should be judged.

In trying to meet those principles, our taxes will necessarily become clearer, a goal to which we all aspire. In debating tax in general, its role in our economy and why the burden of taxation may be felt more keenly at certain times, we must bear in mind our current economic situation. Britain had endured the longest and deepest recession in living memory, we were borrowing £1 for every £4 we were spending, and we had the largest budget deficit in our peacetime history—one of the largest in Europe, and the largest in the G20—yet following the 2010 general election no detailed plan to deal with all that had been left in place by the previous Government.

That was not the end of the story. In the preceding decade Britain had slipped down the international league of competitiveness, falling from fourth to 12th. We had seen our share of world exports decline. We were considered to be a worse country in which to start a business than many of our European neighbours. That was this coalition Government's inheritance.

We have therefore set about restoring confidence and stability to our economy, with a clear strategy for growth.

[Miss Chloe Smith]

At the heart of that strategy is a credible plan to tackle the enormous budget deficit, which we are already implementing.

One part of that plan is making changes to taxation. We must understand the changes this Government have made in order to see that a tax freedom day does not fully accord with what we want to achieve. For any taxation, we must, of course, make it clear why we are asking for a contribution, what we are doing in terms of public spending to balance changes in taxation, and why it is important to strengthen the public finances.

Growth is a key component of a strong economy; all parties agree on that. In the Budget we set out four economic ambitions: that Britain should have the most competitive tax system in the G20; that Britain should be the best place in Europe in which to start, finance and grow a business; that we should seek to be a more balanced economy by encouraging exports and investment; and that we should have a more educated work force, who should be the most flexible work force in Europe.

For the past decade Britain has been losing ground in the world economy. Other nations have reduced their business taxes further and faster, and some have removed barriers to enterprise, while ours have grown higher still. We cannot afford for that to continue.

Our plan for growth is based on private sector enterprise, not public sector borrowing. It is based on growing businesses, not growing debts, and on securing sustainable long-term investment. An essential aspect of that is creating a competitive tax system that enables our businesses to compete on the global stage and that gives value to businesses in ways that this Bill would struggle to measure.

Mr Hollobone *claimed to move the closure (Standing Order No. 36), but the Deputy Speaker withheld his assent and declined to put that Question.*

Miss Smith: I shall briefly move on to something that will be of significant interest to hon. Members and to the businesses that I have just begun speaking about, which is modernising the administration of the personal tax system and creating proper tax transparency for individuals. I note that a fine document is being given out by Her Majesty's Revenue and Customs at the moment. Hon. Members could encourage businesses and individuals in their constituencies to respond to it and help in the effort that we all want to see to improve the understanding of taxes—

2.30 pm

The debate stood adjourned (Standing Order No. 11(2)).

Ordered, That the debate be resumed on Friday 20 January 2012.

Mr Deputy Speaker (Mr Nigel Evans): Before we deal with the other Bills, may I ask the House to wait until the Clerk has read the name of the Bill and the mover has moved it? Will Members acting on behalf of another Member please state that they have permission? Members proposing a date must have the authority of the Member in charge of the Bill.

Business without Debate

BBC LICENCE FEE PAYERS (VOTING RIGHTS) BILL

The Treasurer of Her Majesty's Household (Mr John Randall): I have it in command from Her Majesty the Queen to acquaint the House that Her Majesty, having been informed of the purport of the Bill, has consented to place her prerogative, so far as it is affected by the Bill, at the disposal of Parliament for the purposes of the Bill.

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 20 January 2012.

PARLIAMENT (AMENDMENT) BILL

Resumption of adjourned debate on Question (4 March), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 20 January 2012.

ELECTORAL LAW (AMENDMENT) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 16 December.

APPRENTICESHIPS AND SKILLS (PUBLIC PROCUREMENT CONTRACTS) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 20 January 2012.

GANGMASTERS LICENSING (EXTENSION TO CONSTRUCTION INDUSTRY) BILL

Resumption of adjourned debate on Question (3 December), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 20 January 2012.

SMOKING IN PRIVATE VEHICLES BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 20 January 2012.

CHILDREN (ACCESS TO PARENTS) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 20 January 2012.

SUNDAY TRADING (AMENDMENT) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 20 January 2012.

SAFE STANDING (FOOTBALL STADIA) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 20 January 2012.

COMMON FISHERIES POLICY (WITHDRAWAL) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 13 January 2012.

CONTAMINATED BLOOD (SUPPORT FOR INFECTED AND BEREAVED PERSONS) BILL [*LORDS*]

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 20 January 2012.

HOUSE OF COMMONS DISQUALIFICATION (AMENDMENT) BILL

Resumption of adjourned debate on Question (9 September), That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 13 January 2012.

LIVE MUSIC BILL [*LORDS*]

Bill read a Second time; to stand committed to a Public Bill Committee (Standing Order No. 63).

BUILDING REGULATIONS (REVIEW) BILL [*LORDS*]

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 20 January 2012.

Economic Growth (Waveney)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Newmark.)*

2.35 pm

Peter Aldous (Waveney) (Con): I am very pleased to have secured this debate. Its timing is particularly appropriate, coming as it does just before the Chancellor's autumn statement on Tuesday.

The Waveney constituency is in north-east Suffolk and its main town, Lowestoft, is the most easterly point in Britain. Lowestoft has a proud history, and much of its heritage is based on fishing. Some 40 years ago it could be viewed as the model of how the economy in a coastal town should operate, with a diverse and prosperous economic base underpinned by fishing and its allied industries, the Richards and Brooke shipyards, the emerging oil and gas sector, food processing factories such as Birds Eye and Beechams, the Eastern Coach Works, the Co-op canning factory, the Boulton and Paul timber yard and the Pye television factory, as well as a flourishing tourism sector.

Gradually, over the years, those businesses have gone, though Birds Eye remains. Some people feel forgotten and neglected by the Government, but new businesses are arriving, many in the emerging energy sector, and there is a real desire across the whole of the Waveney district for them to succeed and for the area to play a full role in the economic recovery, creating jobs and helping rebalance the economy away from its over-reliance on financial services and London and the south-east. In many respects, Waveney is now at a crossroads. We can take the low road of limited aspirations and just trundle along or we can take the high road and be ambitious and a key player in working with the Government to deliver the growth strategy, creating jobs and helping Britain emerge from the most savage economic downturn for a generation.

Over the past 18 months, the coalition Government have laid the foundations on which the Waveney economy can grow. The deficit reduction strategy means that interest rates remain low, and although there is no such place as a safe harbour in today's global economy, the Chancellor has steered Britain out of the eye of the storm. We should not forget that, last May, Britain was viewed by many as in the same category as Greece, Italy and Spain.

The New Anglia local economic partnership, formed at the beginning of the year and covering Norfolk and Suffolk, can play a key role in creating jobs across the two counties. The LEP has hit the ground running and is approaching its job in a targeted, pinpointed and coherent way, focusing on three areas: food production and processing; tourism; and, most importantly for Waveney, the energy sector, building on the opportunities along the coast from the gas terminal at Bacton, the oil and gas sector, the nuclear industry at Sizewell and offshore renewables. Lowestoft is at the centre of the world's largest market for offshore wind energy, and the UK's most dense area for offshore development is between the Humber, the Wash and the Thames estuary.

The LEP and the four councils—Waveney district council, Great Yarmouth borough council and Suffolk and Norfolk county councils—are to be congratulated on their successful enterprise zone bid for Lowestoft and Great Yarmouth, which is aimed at the energy

[Peter Aldous]

sector. That can also play a crucial role in creating jobs. Also welcome is the creation of the Green investment bank, which will play an important role in leveraging in the large amount of private sector investment needed to transform our energy sector.

The Government's ambition to provide superfast broadband across the UK by 2015 is also good news, with the granting of funding from Broadband Delivery UK to Suffolk county council to reach the "not spots", many of which are in Waveney, whether on the south Lowestoft industrial estate or in the rural area around Bungay and Beccles where the market will not deliver on its own.

The Government's emphasis on apprenticeships and skills is important, as there is a need to provide people in Waveney with the skills that energy businesses and those in their supply chains are looking for. Much has been done in the past 18 months, but with the problems in the eurozone, now is not the time to be resting on our laurels. We need to redouble our efforts and work overtime to ensure we do everything possible to create economic growth in Waveney.

Dr Thérèse Coffey (Suffolk Coastal) (Con): My hon. Friend and neighbour is making a very eloquent case for his constituents—there is no greater champion of Waveney than he. I share Waveney district council with him and our area is known for tourism, with Southwold. Will he pay tribute to the students and particularly to the teachers and supporting schools who help the North Suffolk skills centre in Halesworth, which does a lot to help people with vocational careers, especially in engineering?

Peter Aldous: I am very happy to do that. The North Suffolk skills centre, which serves the northern end of my hon. Friend's constituency and much of mine, plays a vital role in giving people vocational training in engineering and other such skills.

As I was saying, the endgame is not the announcement of a policy—that is only the beginning. We need to be driving policies through and ensuring that they deliver what they are intended to achieve. There may be times when we need to take stock of a particular initiative and ask whether it is working and whether we need to be tackling the problem in a different way.

In the time remaining, I shall outline the areas in which I believe we need to redouble our efforts. As I have said, the Government are to be commended for their focus on skills and apprenticeships. In Waveney, that focus has already had positive results, with a provisional 810 apprenticeships having been delivered in the 2010-11 academic year—an increase of 48% on 2009-10. However, more needs to be done not only to provide businesses with the support they need but to work with business, Lowestoft college and the high schools, all of which are very much up for the challenge. The creation of guilds that concentrate on a particular industry such as energy could well be a way forward. We also need to tackle deep-rooted worklessness: in some places, there are three generations of families who have never worked.

If Waveney's contribution to Britain's economy is to be successful in the long term, our poor infrastructure links must be improved. In making small talk, the British talk about the weather, but East Anglians talk about roads and railways either because we do not have any or because those we do have are substandard. There are reasonable prospects for upgrading the railways to Waveney with the provision of funding for the Beccles loop, which will enable an hourly service to operate on the east Suffolk line. Longer franchises will provide opportunities for further improvements to the railways and I am working with Network Rail to ensure that everything is done to upgrade Lowestoft and Beccles stations, which are both in a shocking condition.

The road network provides a greater challenge. It is vital that regional links across East Anglia are improved and that the roads in Waveney are upgraded. The dualling of the A11 at Elvedon is good news and work needs to be done at the A14 bottleneck between Cambridge and Huntingdon. Locally, the Beccles southern relief road will open up further employment opportunities at Ellough and it is vital that the road system in Lowestoft is improved. I am working with Suffolk county council and Waveney district council to come up with a blueprint of the roads we need, which will include a new crossing of Lake Lothing, which divides the town. The enterprise zone challenge fund provides a means of promoting and building new roads. I issue a challenge to the Government: if we can demonstrate that jobs will flow if new roads are built, will they provide the money to do the work?

Let me address the issue of the 21st-century highway—broadband. As became apparent at the Suffolk broadband conference that I hosted in April, broadband is a huge enabler of economic growth. It will help the retention and growth of small businesses and will provide access to a global market. It will also help to raise and modernise skills and achievement levels. Broadband Delivery UK has made it clear that community engagement is the key to the roll-out of superfast broadband, very much in line with the big society and localism agendas.

The reference to the big society provides me with the opportunity for a short commercial break to congratulate the Beccles Lido on winning the Prime Minister's big society award. In 2010, Beccles Lido bought the swimming pool from the local council, and has since raised over £300,000, carried out significant improvements and this year attracted nearly 30,000 visitors, up from 8,500 in 2008, turning a £60,000 loss into a profit. I congratulate the organisation on its great work and I wish it all the best with its new project, the public hall.

As I said before the interlude, community engagement with broadband is the right approach, as it is only local people who know what their communities need and the challenges they face. It appears that small local providers may be having difficulties in their attempts to provide services as part of local broadband plans. This is due to a combination of the sheer cost of procurement and other factors, such as European state aid rules and network security. I urge the Government to do all they can to resolve these issues so that we can ensure that the remote rural parts of the country, and Waveney in particular, from my viewpoint, have every opportunity possible of receiving next generation broadband.

Turning to the energy sector, there are encouraging signs. Orbis Energy in Lowestoft is a global centre of excellence for drawing together innovation and technology, supporting supply chain development and acting as a catalyst for development in the offshore renewables sector. SSE's operations and maintenance base for the

Greater Gabbard wind farm is already in Lowestoft port, and last month Scottish Power Renewables and Vattenfall signed a memorandum of understanding with both ABP Lowestoft and East Port in Great Yarmouth for the development of the East Anglia Array wind farm.

On Monday, SSE submitted its development consent order to the Infrastructure Planning Commission for the Galloper wind farm. It is vital that the planning process operates in a smooth and timely fashion, and also that the Government provide a clear, consistent and stable framework in which investors can operate, making long-term financial commitments in the offshore renewables sector. This means that there should be no sudden change in the fiscal regime, and electricity market reform must be addressed at an early stage in the next Session. It is important that the Government liaise with the industry now on this issue.

A particular feature of the East Anglian and Waveney economies is the large number of small businesses and SMEs, as well as a spirit of enterprise, which needs to be properly harnessed. In 2009, Lowestoft won the award for being the most enterprising place in Britain. More needs to be done to help small businesses set up and then flourish. That means, first, reducing red tape. I am conscious that the Government have already done much work in this area, though from what local businesses tell me they have yet to see the full benefits of that on the ground. Red tape is like Japanese knotweed—once it is there, it takes a superhuman effort to get rid of it.

Secondly, more work should be done with banks to ensure that they work with and support small businesses. The bid made by NWES and others, along with Barclays bank, to the regional growth fund for funding a national start-up programme, which will also operate in Waveney, will help to address that. Thirdly, it is important that in promoting business, Ministers do not just hold press conferences and stage PR announcements at high-profile showcase companies. It is important that they also visit smaller start-up and early-stage businesses so as to encourage entrepreneurship. So many people will be able to relate to and identify with such businesses and take inspiration from them.

I am fully aware of the impact of high fuel prices on small businesses and those travelling long distances to work. Waveney is out on a limb and, although the public transport network is gradually being improved, many have no choice but to use private transport. People in Waveney spend on average £68.09 a month on fuel, while those in the City of London, who have far higher incomes, spend on average only £26.93. I urge the Minister to reinforce the message to the Chancellor to cancel the fuel duty rise due in January.

In conclusion, in the summer of 2010, the CBI for the east of England launched its blueprint for growth. It highlighted a variety of factors: East Anglia is a world leader in many emerging sectors, including renewable energy; the east of England is forecast to create 400,000 new jobs by 2031; the area produces more entrepreneurs per head than the UK average, and the businesses they create survive longer; and £1 for every £5 of venture capital investment in the UK flows to east of England businesses.

My message to the Government is that if they work with us and invest alongside us, Waveney and East Anglia can play a pivotal role in promoting sustainable growth and creating new jobs. A good start has been made. We now need to deliver and to take that high road so that Lowestoft is again the model economy for a coastal town.

2.51 pm

The Minister of State, Department for Communities and Local Government (Greg Clark): I congratulate my hon. Friend the Member for Waveney (Peter Aldous) on securing the debate and on a commanding speech that offered a comprehensive survey of all the key challenges facing his local economy. I am also delighted to see our hon. Friend the Member for Suffolk Coastal (Dr Coffey) in her place.

My hon. Friend the Member for Waveney said that everyone should work overtime to promote growth. It was clear from his speech that no Member of the House works harder, more persistently or more effectively to promote their local economy than he does. Indeed, it is worth reflecting on the contributions he has made during his short time in the House. He has had debates and questions on the fishing industry, which I know is close to his heart; the offshore renewables sector; local transport; strategic transport, whether rail or road; the local enterprise partnership and enterprise zones; planning; and economic development. In a short period he has become a persistent and eloquent advocate for all the needs of his area. His constituents in Waveney and residents in the local area should be proud of the service he gives them, in alliance with our hon. Friend the Member for Suffolk Coastal. They are very well represented in these matters. He also takes matters to the top, having questioned the Prime Minister, the Chancellor of the Exchequer and the Business Secretary.

My hon. Friend the Member for Waveney will know that many of the issues he has raised today will be responded to in the weeks ahead. We are all looking forward to the Chancellor's autumn statement next week. There will be statements in the weeks ahead on some of the transport matters he referred to and many of the decisions that will be taken by the local enterprise partnership will be made in the coming weeks. He is absolutely right that we have put the groundwork in, and some of the decisions in the weeks and months ahead, which will increasingly be taken locally, will determine and shape the future success of the local economy. I know that his leadership, and that of our hon. Friend the Member for Suffolk Coastal, will mean that those opportunities will be taken keenly.

Let me say something about the context. Although Waveney is the eastern-most point of England and geographically distant from our motorway network—my hon. Friend the Member for Waveney has told me before that the nearest motorway to Lowestoft is in Holland—it is very much connected with the wider global and European economy. The overall context of the economy, of course, affects Suffolk as it affects everywhere else in the country, but the most essential building block of our economic future is fiscal discipline, which he acknowledged.

We inherited a situation in which our deficit was set to overtake that of Greece. We had a lack of fiscal responsibility which needed to be sorted out urgently, so the fundamental basis of our economic reforms is to secure the fiscal discipline that we need in this country. My hon. Friend knows that businesses in Suffolk and throughout the country regard that as essential to our economic credibility.

[Greg Clark]

I spent some time this week at the CBI conference, where there was not a single business representative who did not think that it was absolutely in our interest to cleave to the record of fiscal discipline that we have established in recent months—and absolutely essential to send to the rest of the world a signal that we are resolute in that. The situation affects us all.

I was struck by the comments this week of one of our leading businessmen, the managing director of the John Lewis Partnership, one of our most successful businesses, who, speaking in his capacity as the chairman of the Birmingham and Solihull local enterprise partnership, said that the Government get the idea that they must stick decisively to the deficit reduction strategy, which, in his personal view, he endorses.

That is typical of comments that the business sector generally has made, and the reason is that the strategy has an impact on interest rates, which are crucial to the investment decisions that need to be made over the months and years ahead. Despite the deficit that we inherited being of Greek-style proportions, interest rates in this country are more comparable to those enjoyed by Germany, and that is in very large part due to international investors' confidence in the seriousness of our intentions.

Of all the contributions that the Government can make to the economy, and to making setting up and expanding businesses easier than it might be, the interest rate is crucial, because any investments are likely to involve borrowing and capital investment. It is important that we do not take for granted our environment of low interest rates; it is an important feature of our economic policy, and it is important that all our constituents and my hon. Friend's local businesses understand that it follows from our fiscal demeanour.

There is an additional aspect, however. If we secure our fiscal discipline and have low interest rates, there is a major role for local leadership, which my hon. Friend exemplifies, because local economies, like local councils and local businesses, can be well run or badly run, and one thing that has been most impressive in Suffolk and, indeed, East Anglia over recent months is the flying start that the local enterprise partnership has made.

That LEP is particularly impressive, and it reflects the close work of some of the best businesses and the local authority leaders in the area. I know that my hon. Friends the Members for Waveney and for Suffolk Coastal and others throughout the region worked hard to bring together business leaders and councillors to ensure that the partnership was in place.

The LEP has also been particularly innovative in establishing an enterprise zone that crosses boundaries between not just districts, but counties, and the fact that the case was made so persuasively for such an unusual arrangement, linking into the great potential of that part of the world to secure investment in offshore renewables, underlines the progress that the partnership has made. I, through him, congratulate all members of the LEP on their work in recent months.

The benefits will begin to accrue very quickly. There is already the potential for investment to be made on the basis of the exemption from business rates that will be available in the area. It is estimated that by 2015, 2,000 jobs will have been created in the enterprise zone. Many of the features that will be enjoyed by the local enterprise partnership can be made available elsewhere in his district. The Localism Act 2011, which received Royal Assent only last week, allows, for the first time, business rate discounts to be allocated by local authorities in a way that they consider to be in the best interests of their businesses. For example, they may be provided for new business start-ups, for businesses in a particular sector, or for businesses that are outside the enterprise zone but in an area that needs to be regenerated. I hope that there will be great flexibility and, as my hon. Friend the Member for Waveney said, great encouragement to take up some of the new powers and freedoms that are available.

This also applies to planning powers. Of course, planning powers are vested in local authorities. Another feature of the Localism Act is to have swept away the regional spatial strategies, as well as the regional development agencies. Those strategies imposed on local people a form of administration that many had recognised as bureaucratic and did not reflect sufficient local knowledge and local interest. My hon. Friend made a comparison with Japanese knotweed regarding some of the regulation, bureaucracy and red tape that has emerged, and said that it should be uprooted. I would go further. We need to ensure that the bodies that promoted and created this red tape are finished once and for all—to cut the head off the snake to ensure that this cannot happen again. We have done that with the regional strategies and with many of the regional bodies.

The Government's reforms make more powers available so that areas can benefit from economic growth locally. It has always struck me as ridiculous and counter-productive that if an area is led successfully by a local authority and encourages the location of businesses in that area, it shares scarcely at all in the economic benefits, which have all been spirited away to the Treasury. The reform of business rates that we are consulting on and intend to introduce very soon will provide a clear incentive and a sense of justice in that if an authority such as Waveney benefits from having success in attracting businesses, it should be able to keep some of the upside. That becomes a virtuous circle whereby knowing that some of the business rates can be retained allows investments to be made in anticipation of the economic effects, and that unlocks some of the infrastructure investment that my hon. Friend mentioned. If one adds to business rates reform the community infrastructure levy and the new homes bonus, one sees that there is a new ability for local authorities to invest proactively in, especially, infrastructure in their area.

My hon. Friend is right to say that there are challenges in the local area. One of the impressive features of the local enterprise partnership bid was that those challenges were very well addressed. He spoke eloquently about skills. His part of the world has underperformed, compared with some other parts of the country, in terms of skills at national vocational qualification level. It is absolutely right that he puts down a challenge to us in Government to ensure that his local enterprise partnership and his local authorities are given every assistance with raising the skills level in East Anglia, particularly in Lowestoft and Waveney. The new industries to which he refers are important in their demand for engineering skills. The commitment we can make to him is that they can invest for the long term.

Waveney may be the most easterly point of the United Kingdom, but this, far from being a disadvantage, can be a positive advantage given that a lot of opportunities will be available in the North sea and on the continent. We need to capitalise on those opportunities. With the very well-led local enterprise partnership and the representation of exceptional Members of Parliament, I am greatly encouraged by the prospects for Lowestoft. I know that my hon. Friend will continue to do what he has done over his first 18 months in the House—keep us constantly up to date and on our mettle to ensure that we do everything we can for a very important part of the country.

Question put and agreed to.

3.5 pm

House adjourned.

House of Commons

Monday 28 November 2011

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Benefit Fraud

1. **Nadhim Zahawi** (Stratford-on-Avon) (Con): What steps he is taking to tackle benefit fraud in areas where its prevalence is high. [82819]

15. **Stephen Mosley** (City of Chester) (Con): What steps he is taking to tackle benefit fraud in areas where its prevalence is high. [82836]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): I remind my hon. Friends of our inheritance from the previous Government: fraud and error in the benefit system were at £3.1 billion and progress had plateaued since 2005. The joint strategy with Her Majesty's Revenue and Customs started in 2010 and included mobile regional taskforces to look at different areas. We are targeting claimants in high fraud areas with visits, phone calls and letters. One pilot has been completed in Birmingham and we have two more in Cardiff and Croydon. We will carry out evaluation once all three are completed. So far, since October, from case cleansing alone we have saved more than £100 million.

Nadhim Zahawi: I thank my right hon. Friend. Will he share with the House how many benefit fraudsters were actually prosecuted last year?

Mr Duncan Smith: We prosecuted almost 10,000 benefit fraudsters in 2010-11, up from 8,200 the year before. Of those, 86% were successfully convicted—*[Interruption.]* I would have thought that the right hon. Member for Birmingham, Hodge Hill (Mr Byrne) would like to keep quiet, because he has made one mistake already and is bound to put his foot in it again. We will push for the strongest possible sentences. In all cases, benefit fraudsters are required to pay back the money they have stolen.

Stephen Mosley: Benefit fraud is not just stealing from the taxpayer; it also leads to less money being available to those who are most in need. One measure that should deter benefit cheats is the one, two and three strikes rules. How successful does my right hon. Friend think that those rules will be in reducing benefit fraud?

Mr Duncan Smith: When the Welfare Reform Bill has passed through the other place, that process will begin and I think it will be very successful. Another important thing that we will do is bring together all the disparate benefit groups chasing fraud so that we have a much more cohesive strategy. Under the previous Government data were collected so shoddily that it is difficult to get to the absolute truth about the figures, so finally and importantly, we intend to change that.

Kevin Brennan (Cardiff West) (Lab): The right hon. Gentleman is absolutely right to tackle benefit fraud, and he mentioned the scheme in Cardiff. Is he being equally assiduous in tackling a lack of benefit take-up among people who should be entitled to benefits?

Mr Duncan Smith: That is exactly what universal credit will help to change. The most important point is that its automatic nature will mean far fewer cases of people not receiving in the first place what they are entitled to. One good example is child care: many women, in particular, who are responsible for looking after children do not get the child care that they need, and under the universal credit that should change.

Yvonne Fovargue (Makerfield) (Lab): Universal credit is supposed to be much simpler than the current system. Why, according to the Government's own impact assessment, will 380,000 people receive penalties for mistakes on their application and when will negligence be defined?

Mr Duncan Smith: The point about universal credit is that it gets rid of quite a lot of the complexity in the system. That complexity has led to so many mistakes by individuals claiming and by the officials who are meant to be settling those claims. The hon. Lady, and her party, should welcome the arrival of universal credit at the earliest opportunity.

Jobcentre Plus (Business Support)

2. **Laura Sandys** (South Thanet) (Con): What support is available through Jobcentre Plus for people who wish to start their own business. [82820]

The Minister of State, Department for Work and Pensions (Chris Grayling): I am pleased to refer my hon. Friend to the announcement we made a couple of weeks ago that our new enterprise allowance is now available nationwide for people who are looking to move from unemployment to self-employment. The early indications from Merseyside, where the scheme started back in the spring, are that a significant number of people have moved into self-employment. Those to whom I have spoken regard it as a really positive experience and are doing well as a result.

Laura Sandys: I thank the Minister for that answer. One resource that we do not necessarily use effectively is the help of retired business men and women who are interested in mentoring new start-ups. Would Jobcentre Plus consider recruiting them across the country to ensure that such start-ups have a much greater likelihood of success?

Chris Grayling: My hon. Friend is absolutely right about the importance of mentoring. The difference between the new enterprise allowance and previous schemes is that it involves mentoring, which is often, as she says, provided by retired business people. We are looking to recruit as many mentors as possible through the Jobcentre Plus network and the organisations supporting enterprise allowance participants. Hon. Members on both sides of the House have an important role to play in helping to encourage people whom they come across in their constituency work to put themselves forward as mentors.

Bill Esterson (Sefton Central) (Lab): What advice is available now through Jobcentre Plus? I am sure the Minister agrees that we do not want people to end up back on benefits having started businesses which failed only a few weeks or months later because they did not know how to run them effectively.

Chris Grayling: That is absolutely the reason we have put mentoring at the heart of the new enterprise allowance—so that participants have a mentor who will work alongside them, not simply to prepare a business plan but to ensure in the first few months of trading that they do not make the kind of mistake that can cause the business to fail immediately.

Stephen Lloyd (Eastbourne) (LD): I am greatly encouraged by the efforts of the Minister and the Department for Work and Pensions to encourage entrepreneurship among the unemployed. The plan currently includes the provision of low-interest loans of up to £1,000, but sadly that amount does not go an awfully long way these days. I would welcome hearing from the Minister that the Department might consider, down the line, providing low-interest loans of up to £2,000, as that would make a significant difference.

Chris Grayling: My hon. Friend makes an important point. There are several aspects to the scheme that we intend to review and consider as time goes by to see whether changes can be made to make the scheme even more effective. I will happily give serious consideration to the point he raises.

Stephen Timms (East Ham) (Lab): The Low Incomes Tax Reform Group points out that tax credits today support self-employment much better than the proposals for universal credit will in future because universal credit will assume that people are earning at least the minimum wage, which is completely unrealistic in the early years of self-employment. Will the Minister look again at that particular problem with universal credit at least for people in the first year or two of self-employment?

Chris Grayling: We will monitor carefully how the decisions we have taken on universal credit work. As the right hon. Gentleman knows, we want to encourage and support self-employment, and we cannot allow people to shelter themselves on benefits under the false excuse that they are self-employed. In order to encourage people and to make sure that claimants are genuine, we are putting in place new rules. However, as I have said to him in Committee, every individual will have the right to self-assess or self-refer each month, so that we always get amounts right and do not penalise people who are trying to do the right thing.

Disability Benefit

3. **Greg Mulholland** (Leeds North West) (LD): What steps he is taking to improve public understanding of benefits available for people with (a) a hidden disability and (b) other forms of disability. [82821]

5. **Jo Swinson** (East Dunbartonshire) (LD): What steps he has taken to improve public understanding of benefits available for people with (a) a hidden disability and (b) other forms of disability. [82823]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): As my right hon. Friend the Secretary of State said earlier, the Government's welfare reform programme will help to make our benefits system more understandable, less complex and better focused on those who really need help to live an independent life, so restoring trust in benefit provision, which has been so badly eroded in recent years. The Government also provide support for better understanding through Jobcentre Plus and work to support user-led organisations.

Greg Mulholland: I thank the Minister for that answer. The Government are right to tackle benefit fraud, but is she aware of the "Bad News for Disabled People" report by the university of Glasgow, which showed that the public dramatically overestimate the level of fraud in disability benefits by as much as 70%, based on inaccurate media reporting? What can the Government do to challenge that?

Maria Miller: I thank my hon. Friend for that question on an issue of which many hon. Members are aware. We are very conscious of the language we use when we talk about these issues, because we are clear that it is the system that has trapped people in a spiral of welfare dependency and that there has been a failure to reform benefits such as disability living allowance and to build any sense of reassessment into them. Those are the sorts of things that can create such problems and the Government are tackling them.

Jo Swinson: Despite the public's overestimation of benefit fraud, in our constituency surgeries we see cases of the exact opposite—people who have a severe disability that affects their ability to work but who are found by the initial Atos assessment to be fit for work. Appeals can be stressful and costly, so will the Department implement Professor Harrington's recommendation and publish data on the quality of Atos assessments and the percentage of successful appeals, so that we can judge for ourselves whether improvements are being made?

Maria Miller: We have accepted all of Professor Harrington's proposals. Let me draw to my hon. Friend's attention the fact that the number of successful appeals against the work capability assessment are substantially lower than for its predecessor, the personal capability assessment.

Kate Green (Stretford and Urmston) (Lab): What work have the Minister and her Department undertaken with employers to make them more aware of hidden

disabilities and the adaptations that they may need to make in the workplace to enable disabled people to keep or obtain a job?

Maria Miller: As the hon. Lady knows, we work on an ongoing basis with employers through a number of forums. In particular, I am aware of the work that an organisation such as BT does to support its employees in such matters. It is by showcasing that sort of good practice that we will get a better understanding more broadly among employers.

Mrs Anne McGuire (Stirling) (Lab): Given that evidence of public understanding of disability benefits is often hazy, does the Minister with responsibility for disabled people agree with the Secretary of State when he said earlier this month in a comment in a daily newspaper:

"At the moment . . . millions of pounds are paid out in . . . benefits to people who have simply filled out a form",

thereby giving credence to yet another negative and erroneous story about disabled people? If she does not, what efforts has she made personally to discover who briefed the story, and what action has she or her Secretary of State taken to correct the facts in this instance and to challenge future stories of a similar ilk?

Maria Miller: The right hon. Lady will know, from her time working in the Department for Work and Pensions, that there are indeed many people who simply fill in a form and receive a benefit, and that we are not making the right sort of assessment to ensure that that is correct in future. She may also be aware that £600 million is given out each year for disability living allowance, which is an over-assessment of people's needs.

Contracted Work

4. **Alec Shelbrooke** (Elmet and Rothwell) (Con): What steps he has taken to ensure that work contracted by his Department will not be moved offshore. [82822]

16. **Karen Lumley** (Redditch) (Con): What steps he has taken to ensure that work contracted by his Department will not be moved offshore. [82837]

The Minister of State, Department for Work and Pensions (Chris Grayling): We have a policy to control contracted work being offshored. Our suppliers are required to seek approval before they offshore any contracted work. Those approvals are predicated on their meeting stringent guidelines. I should also say that, as a team of Ministers, we have indicated very clearly to our suppliers that we will not countenance seeing existing UK employment offshored.

Alec Shelbrooke: My right hon. Friend's comments will be welcome news for many of my constituents, who are employed by his Department in Leeds. Can he tell the House what the future holds for the disabled benefits centre in Leeds?

Chris Grayling: As my hon. Friend knows, we are in the process of rationalising our estate, where we have a number of part-empty and under-used buildings. We have not made a formal announcement about the future situation, but I can confirm that it is our intention to continue to process disability benefits in Leeds.

Karen Lumley: Following a recent meeting of business leaders in my constituency, we are working hard to try to ensure that contracts stay in Redditch and that we bring new jobs to Redditch. Will the Minister consider Redditch as a serious contender for any new contracts that he wishes to award?

Chris Grayling: I commend my hon. Friend for her commitment to her constituency. Clearly, my colleagues and I have listened to the point that she makes, but there is a more important issue behind what she says—that each one of us as Members of Parliament, even including yourself, Mr Speaker, have an important role to play in building links between employers, welfare-to-work organisations and others who can help make sure that the unemployed in this country find an opportunity to get back into work as early as possible.

Mrs Mary Glindon (North Tyneside) (Lab): Last July, during Department for Work and Pensions questions, the Minister said that in his view,

"British-based staff are the best contact centre staff".—[*Official Report*, 18 July 2011; Vol. 531, c. 604.]

Will he therefore acknowledge the role played by MPs, workers and the Public and Commercial Services Union in persuading Hewlett Packard to drop its plans to offshore more than 200 DWP jobs, and will he commit to ensuring that his Government's procurement policies do not permit contractors to jeopardise UK jobs and sensitive public data in this way in future?

Chris Grayling: The hon. Lady is right. I personally intervened as Minister to say that that offshoring should not take place. It is important that we do not see Government-controlled employment move offshore. We have a job to try to maximise employment in this country, and I pay tribute to all those involved in that work force for drawing our attention to the issue and the challenge. It is by far the best option to see people investing in the UK. It is particularly gratifying to see the contact centre industry around the UK increasingly reopening centres, recognising that British workers are far better at delivering good customer service than their counterparts in other parts of the world.

Work Experience

6. **Matthew Hancock** (West Suffolk) (Con): What assessment he has made of the effect of work experience programmes on employment prospects. [82824]

8. **Robert Halfon** (Harlow) (Con): What assessment he has made of the effect of work experience programmes on employment prospects. [82826]

9. **Mr David Amess** (Southend West) (Con): What assessment he has made of the effect of work experience programmes on employment prospects. [82827]

13. **Richard Graham** (Gloucester) (Con): What assessment he has made of the effect of work experience programmes on employment prospects. [82834]

The Minister of State, Department for Work and Pensions (Chris Grayling): Early indications show that the work experience programme is proving extremely successful. The first figures we published for the period up to

August show that more than half the young people starting a work experience placement under the scheme are off benefits within three months. As the scheme is extremely cost-effective, that is welcome news.

Matthew Hancock: Will the Minister visit one such successful work experience programme in Haverhill in my constituency, where youth unemployment has fallen by 15% since the programme started? Some 40% of young unemployed people are on the programme and, as with the national average, half of them are going into full-time jobs, even where there were no vacancies.

Chris Grayling: I pay tribute to the staff of Jobcentre Plus in my hon. Friend's constituency for their part in delivering a successful scheme. I will be delighted, the next time I am in Suffolk, to drop in with him to meet and pay tribute to them for what they have done.

Robert Halfon: Does my right hon. Friend agree that work experience schemes need to progress to apprenticeships, and will he support the scheme I am working on with the charity New Deal for the Mind, Harlow college and Essex county council, which aims to employ genuine apprentices in Parliament?

Chris Grayling: I am very happy to support and pay tribute to my hon. Friend's efforts. He is a model example of how an individual Member of Parliament can make a real difference by identifying an area where they can transform people's prospects. His work on apprenticeships is a credit to him and to the House.

Mr Amess: As someone who was involved in recruitment for many years before becoming a Member of Parliament, I know that it is certainly better to have work experience on a CV than a gap, so will my right hon. Friend take this opportunity to condemn those people who have described the scheme as akin to modern-day slavery?

Chris Grayling: My hon. Friend is absolutely right. There are times when I read things and have to step back in amazement and think, "Some people just don't get it." The work experience scheme is making a real difference for young people. I pay tribute to the firms taking part in the scheme, particularly, given recent publicity, our supermarkets, which are large and diverse employers with wide-ranging opportunities. They are playing an important role in giving young people a start in their careers. The scheme is working, and that is enormously down to the work of employers in helping to give young people an opportunity.

Richard Graham: I believe, like other colleagues, that work experience is beginning to have a real effect on the employment prospects of the young. I also see from the sister programme, the Work programme, a really encouraging drop in long-term unemployment in my constituency of Gloucester. I understand the reasons for waiting a year to analyse the results, but will the Minister consider publishing data, at least on a preliminary basis, after six months to show the results across the country?

Chris Grayling: I hear what my hon. Friend is saying. I am not in the business of burying good news. We are hearing encouraging noises from the early stages of the Work programme. Indeed, one of our providers has said on the record that it is going much better for them than the previous Government's flexible new deal. I will bring forward statistics on the Work programme as soon as it is practical to do so, but I am under obligations from the Office for National Statistics to produce statistics that are valid and appropriate, which is what I will do.

Mr Dennis Skinner (Bolsover) (Lab): I had drawn to my attention today the case of a constituent's grandson who has worked at Debenhams on one of these courses for four days a week, then for three, then for two, then for one, and now it is down to four hours only, for £24 with a bus fare for travelling to and from Derby. Surely that is not benefit plus, but benefit minus. Will he ensure that people placed in that predicament do not lose their benefit?

Chris Grayling: From what the hon. Gentleman says, I do not think that he is describing our work experience scheme. If he wants to write to me about the individual case, I will look at whether it is due to something that the Government are doing or something else.

Sheila Gilmore (Edinburgh East) (Lab): Will the Minister comment on reports that even young people with qualifications are being sent for 13 weeks of shelf stacking? What sort of experience is that giving them?

Chris Grayling: I am always very disappointed to hear Members attacking major employers such as our supermarkets. A few months ago I met a man who had been long-term unemployed, who was given a job at one of our major supermarkets and who, within a few months, had graduated to running a department of 20. These are major employers with good opportunities, and we are about giving young people a start in life.

Mr David Hanson (Delyn) (Lab): Youth unemployment in the north, the north-west and my area of north Wales is rising higher and is deeper and longer than in the south. Does the Minister have any assessment of the quality and number of work placements in the north versus those in the south of England?

Chris Grayling: I have talked to Jobcentre Plus about the availability of placements, and I am confident that, together with the changes that we announced last Friday, which will double the size of the work experience scheme, we will be able to offer every single young person who needs such a placement the opportunity to embark on one.

Ian Austin (Dudley North) (Lab): Youth unemployment has now hit 1 million, and the OECD has forecast today that unemployment is set to climb to 9%, as thousands and thousands more people lose their jobs. The Government scrapped the future jobs fund in their very first month, but the new measures that they have announced do not start until April—two years later. Will this morning's shocking projections finally wake up the complacent and out-of-touch Ministers before us and persuade them to implement our plan for 100,000 jobs, paid for by a tax on bankers' bonuses?

Chris Grayling: The trouble is that we just cannot take the Opposition seriously when we know that they have already announced 10 different ways of spending

that money. We as a Government are delivering real action through real schemes that work and are affordable, and that is something that they failed to do. It is worth saying also that Labour is the party under which, back in 2009, more than 1 million young people were not in education, employment or training—despite the fact that Labour Members tell us otherwise.

Automatic Pension Enrolment

7. **Sajid Javid** (Bromsgrove) (Con): What steps he is taking to ensure that individuals are able to build up pension pots under automatic enrolment. [82825]

10. **Harriett Baldwin** (West Worcestershire) (Con): What steps he is taking to ensure that individuals are able to build up pension pots under automatic enrolment. [82829]

The Minister of State, Department for Work and Pensions (Steve Webb): I am pleased to confirm that we will go ahead with the introduction of auto-enrolment next year as planned, and I can confirm further that all businesses remain in scope. We have, however, decided to extend the reform's current five-year implementation, so that small businesses will not have to start enrolling their workers until the start of the next Parliament. The revised plans will, nevertheless, still result in more than half of all workers being enrolled before the end of this Parliament. This is a positive programme, and there will be no exemptions.

Sajid Javid: This Government are doing a huge amount to help people deal with the challenges of old age. In that context, does my hon. Friend have any plans to change the rules governing short-service pension refunds?

Steve Webb: As my hon. Friend points out, certain pension schemes but not others currently allow people to take money out within the first two years, and that is an anomaly. We need to ensure that money put into pension savings stays there, and that is why short-service refunds for defined contribution schemes will not be part of the long-term landscape under automatic enrolment.

Harriett Baldwin: Does the Minister agree that auto-enrolment will bring into pension savings for the first time millions of low-paid workers in the private sector, both men and women, and that they can begin to look forward to the same kind of retirement income that we rightly offer our public sector employees?

Steve Webb: As my hon. Friend points out, at the moment not only do literally millions of people in the private sector not have a moderate pension; they have no pension at all. Auto-enrolment remains key to our policy goals, and as I just observed, more than half the work force will have been auto-enrolled by the next election.

Dame Anne Begg (Aberdeen South) (Lab): I am disappointed to hear that there will be a delay in the roll-out of auto-enrolment, but I appreciate that the Minister was under a lot of pressure from noises off to bring in some exemptions, so I am pleased that that is not to be. What guarantee can he give to businesses, however? They need an absolute guarantee that the scheme will go ahead on time and to a new timetable, and that there will be no stepping back by the Government.

Steve Webb: I am grateful to the Chair of the Work and Pensions Committee for welcoming our decision to keep everybody in. In terms of certainty, everybody who was due to be enrolled this side of July 2013 will see no change in their dates, and we will publish early in the new year the revised schedule. I entirely agree that certainty is needed, and I can confirm that there will be no further changes to the timetable.

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): Auto-enrolment is—or should I say, was?—central to the Pensions Minister's strategy, so his resorting to bureaucratic language, saying that "all businesses remain in scope," is not going to reassure anyone. The fact is, as I hope he will confirm, that the schedule has been moved back and millions upon millions of the employees whom he was keen to get saving in a pension scheme will not be auto-enrolled until after 2015. Is that correct?

Steve Webb: I am not sure whether the hon. Gentleman is aware of this, but under his party's plans the roll-out of employers with one to 50 employees was already scheduled to go into 2016. I can confirm that the majority of the work force will be auto-enrolled during this Parliament. There was already a five-year roll-out for auto-enrolment, so it was already a phased process. Yes, we have changed the schedule, but, as he may be aware, his party changed it twice in a three-month period.

Mr Julian Brazier (Canterbury) (Con): Does my hon. Friend agree that the difficulties and dilemmas involved in deciding what to do about the pension pot, particularly with regard to small businesses, should send a message out there to all those who can look forward to index-linked public sector pensions that they should be grateful?

Steve Webb: My hon. Friend is right that we do not want to see a levelling down in pension provision. We want quality pensions for our public servants, but we want to make sure that many more people in the private sector get quality pension provision as well, and auto-enrolment will help to achieve that.

Child Poverty

11. **Debbie Abrahams** (Oldham East and Saddleworth) (Lab): If he will amend his proposed welfare reforms to minimise the risk of children entering poverty. [82831]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): The overhaul of the benefits system through the Welfare Reform Bill will hugely improve the incentives to work. Universal credit will bring in an improvement for children, in that 350,000 children will be lifted out of relative poverty. As the hon. Lady may be aware, we have also made available an extra £300 million for the poorest people who are caring for children.

Debbie Abrahams: The Children's Society's analysis of the impact of the welfare reforms says that they will push more children into severe poverty and homelessness. Currently, one in four children in my constituency is in severe poverty. Eighteen bishops have called for the Secretary of State to reconsider his position on the reforms—will he listen to them?

Mr Duncan Smith: I think the hon. Lady is referring to the cap, but I do not agree with her. The cap, which I understand Labour Front Benchers support, is rational and reasonable in that nobody who is out of work should be earning more than average earnings—that is, about £26,000 net. She may deal with constituents who have to travel perhaps an hour into work in the morning and an hour back, who work very hard and who look at those who are out of work and on benefits and find it difficult to accept that they are unable to earn as much.

Damian Hinds (East Hampshire) (Con): With child poverty targets repeatedly missed pre-2010, what role does the Government's support for child care and the extension of early years provision play in helping families and keeping children out of poverty?

Mr Duncan Smith: My hon. Friend has hit the issue right on the head. If we focus narrowly on income, we get a perverse result. Through our early years work, through the support provided by the pupil premium in schools, and through the work that we are doing with universal credit, we have been hugely improving future outcomes for parents and their children who currently languish in poverty.

Huw Irranca-Davies (Ogmore) (Lab): As the Secretary of State will know, the Institute for Fiscal Studies predicts that by 2015 there will be 400,000 more children in poverty. Does he agree with us about this, and if so, what is he going to do about it—or does he just accept that it is a necessary evil of the Government's current policies?

Mr Duncan Smith: With respect, we are already doing a lot about it. Of course, people can predict as far ahead as they like, without making big assumptions that nothing ever changes, and they will get the kind of results that they want. The reality for us is that all the work that I described to my hon. Friend the Member for East Hampshire (Damian Hinds) is vital in changing outcomes for parents and children. Unlike Labour when in government, we do not think that children should be considered separately from their families; we lift families out of poverty and children out of poverty too.

Jessica Lee (Erewash) (Con): A genuine challenge for us is to move into work those young unemployed people who have not had the role model of a parent getting up and going out to work in the morning. Can my right hon. Friend assure us that we are tackling this cycle of dependency to assist children and young people for the future?

Mr Duncan Smith: I refer my hon. Friend to the answer given earlier by my right hon. Friend the Minister of State. The Work programme is a huge change for people who have been out of work for a long time. If we couple that with work experience and the opportunities for apprenticeships, we can see that this is a big step forward. Together with the introduction of universal credit, which will ensure that someone is always better off in work than out of work, the whole benefit and welfare system should be changed positively to support those sorts of people.

Disability Strategy

12. **Iain Stewart** (Milton Keynes South) (Con): What plans he has to publish a strategy on disability. [82833]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): I will publish a discussion document in December to support debate, and a new disability strategy next year. Our vision is to enable disabled people to fulfil their potential. We will co-produce the strategy with disabled people and their organisations, focusing on the themes of realising aspirations, individual control, and changing attitudes and behaviours.

Iain Stewart: Has my hon. Friend assessed how many disabled people the Department will be able to support back into work as a result of the Government's reforms?

Maria Miller: I am sure that the strategy we develop will include an action plan and that work will form an important part of it. The Work programme is already providing important support for disabled people to get into work. The further work that is being done with the Sayce review suggests that an additional 35,000 disabled people could be supported into work if we use the money that is there to support specialist disability employment more effectively.

Derek Twigg (Halton) (Lab): Will the review look into the impact of the severe cuts in the public sector and in public sector jobs on the availability of jobs for disabled people?

Maria Miller: We of course always consider the availability of jobs for all people, and particularly for disabled people. Remploy's employment services have been particularly successful in securing employment for disabled people, even over the past year in these difficult economic times.

Youth Unemployment

14. **Nick Smith** (Blaenau Gwent) (Lab): What steps he is taking to tackle youth unemployment. [82835]

The Minister of State, Department for Work and Pensions (Chris Grayling): The measures that we announced on Friday build on the support that we have in place. There will be more intensive support for all 18 to 24-year-olds, including through the doubling of the work experience and sector-based work academy schemes. There will also be a wage incentive for any young person under the age of 24 who is placed in long-term employment, usually in the private sector, through the Work programme.

Nick Smith: In Blaenau Gwent, there has been a 70% rise in young people who have been on the dole for more than six months. The Government now acknowledge that high long-term youth unemployment is a slow-burning social disaster. How many of their private sector, subsidised work places for young people will be delivered in Wales next year?

Chris Grayling: Let us deal head-on with the issue of an increase in long-term youth unemployment. The only reason that the figures for long-term youth unemployment show an increase is that we no longer hide young

unemployed people on Government schemes and training allowances, which created a totally misleading figure. The reality is that long-term youth unemployment on a like-for-like basis is now almost identical to what it was two years ago under the previous Administration. Every single young unemployed person in Blaenau Gwent will have access to a work experience placement through our work experience scheme or to the Work programme, through which they will receive a wage subsidy for any employer who takes them on and gives them a long-term job.

Tony Baldry (Banbury) (Con): Does my right hon. Friend agree that the £25 million that is being made available for 10,000 advanced and higher apprenticeships is welcome not only because it will help to rebalance the economy towards manufacturing, but because it will provide a number of skilled jobs for young people? Is not the challenge now to encourage employers to take up and offer those apprenticeships?

Chris Grayling: Absolutely; I completely agree with my hon. Friend. We have regular meetings with employer groups, where I encourage them to take up apprenticeships. I am delighted that my hon. Friend the Minister for Further Education, Skills and Lifelong Learning has met his target for delivering apprenticeships, unlike the previous Government. The Opposition seldom refer to this point, but the increase in the number of apprenticeships far exceeds the number of places that were available through the future jobs fund.

Diana Johnson (Kingston upon Hull North) (Lab): What impact does the Minister think the youth contract will have in Hull, where in my constituency 58.2 people go after each vacancy? As I understand it, the youth contract will provide only a third of the jobs that the future jobs fund would have provided.

Chris Grayling: Of course, the young people of Hull now have access not simply to the guarantee that we will find them a work experience placement and to intensive, personalised support through the Work programme for those who have not found work, but to far more apprenticeships than was ever the case under the previous Government. That package is designed to create long-term employment and not the short-term, artificial placements that were created by the previous Government.

Universal Credit

17. **Mark Pawsey** (Rugby) (Con): What steps his Department is taking to ensure the new system of universal credit accommodates changes in personal circumstances. [82839]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): The design of universal credit will largely be about improving people's personal circumstances. It will take account of such changes. That is the point of using the real-time information system. Essentially, such information will flow automatically, thus stopping what happens at present. All too often, there is too much of a delay in changing people's circumstances, which can damage their outcomes, as was the case for one of my hon. Friend's constituents. That should be brought to an end. At last, we will have a system that reflects people's needs.

Mark Pawsey: The constituent to whom the Secretary of State refers, whose domestic circumstances changed, immediately notified Her Majesty's Revenue and Customs, but she tells me that it took seven weeks to reassess her claim for working tax credit and child tax credit. During that period, payments were suspended and my constituent was placed in some hardship. Can the Secretary of State reassure the House that under the new system of universal benefit, such delays will not occur?

Mr Duncan Smith: May I say on behalf of the Government that such a delay is unacceptable? My hon. Friend knows that I have already written to him about that. The current system, much improved though it is, still leads to great difficulty because of the complexity of the benefit system that we have inherited. Universal credit will change that and at last give constituents such as his a chance to take a job, change their circumstances and get the money they should have got in the first place.

Amber Rudd (Hastings and Rye) (Con): Women's working lives often have much variation in them, as they sometimes take a few years off to have children. What assessment has my right hon. Friend made of the benefits of universal credit in taking account of such changes, specifically for women?

Mr Duncan Smith: Universal credit is now widely perceived as being very beneficial to women, particularly to lone parents who struggle a lot. They are in and out of work, and often their hours change. That will be reflected almost immediately in universal credit. I know that many who come out of work temporarily lose some of their housing benefit because it takes so long to reorganise it, and thus are worse off. That should all be brought to an end by universal credit, and it will also improve the support for child care.

Winter Fuel Allowance

18. **John Robertson** (Glasgow North West) (Lab): How much his Department paid in winter fuel allowance in (a) Glasgow North West constituency and (b) Scotland in 2010; and how much it will pay in 2011. [82840]

The Minister of State, Department for Work and Pensions (Steve Webb): Winter fuel payment expenditure in 2010-11 was £3.6 million for Glasgow North West and just under £240 million for Scotland. If those shares of total Great Britain expenditure in 2010-11 were maintained in 2011-12, the projected figures would be approximately £2.8 million for the hon. Gentleman's constituency and £185 million for Scotland.

John Robertson: This year, 440 fewer households will receive winter fuel payments in my constituency, and 3,560 fewer in Glasgow as a whole. With the elderly population and housing numbers growing, how can that happen?

Steve Webb: As the hon. Gentleman knows, it was the policy of the previous Government to link the age of eligibility for the winter fuel payment to the women's state pension age. As that increases, the number of pensioners within its scope will fall.

Habitual Residency Test

20. **Mr Philip Hollobone** (Kettering) (Con): What estimate he has made of the potential cost to the public purse of the removal of the habitual residency test. [82843]

The Minister of State, Department for Work and Pensions (Chris Grayling): The initial estimates shared with the European Commission showed that the additional annual costs of awarding benefits to economically inactive EU nationals may be as much as £2.5 billion.

Mr Hollobone: Will the Minister confirm that this matter is a red line for Her Majesty's Government which the European Commission shall not be allowed to cross? Will he undertake to lead a coalition of EU countries against these Commission proposals to interfere in the domestic business of quite a few member states in an area where the Commission should not be going?

Chris Grayling: I very much agree with my hon. Friend. We have had a number of robust discussions with the European Commission about this matter, and I can confirm to the House that we are formally rejecting in the strongest possible manner the Commission's reasoned opinion against the right to reside condition of the habitual residency test. I am in regular discussions with my counterparts in other European countries, many of whom share the same concern. I regard this as a battle that I do not intend us to lose.

Mr Peter Bone (Wellingborough) (Con): With all due respect, that sounded like ministerial waffle and a refusal to answer the question asked by my hon. Friend the Member for Kettering (Mr Hollobone). Surely the answer should just have been yes.

Chris Grayling: Indeed, I think the answer very clearly is yes.

Mr Speaker: We are most grateful to the Minister, who has brought some additional happiness into the life of the hon. Member for Wellingborough (Mr Bone).

Mr Bone: And Mrs Bone.

Mr Speaker: And Mrs Bone as well, as he rightly says.

Topical Questions

T1. [82844] **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): I am pleased to announce today the publication of the Löfstedt report on health and safety legislation. We have accepted its findings, including the recommendation to move about 1 million self-employed people out of health and safety regulation altogether where their work activity poses no potential risk or harm to others. I believe that the report is good for everybody and will help us put some much-needed common sense back into health and safety.

Stephen Metcalfe: At a recent meeting of the Basildon and Thurrock branch of Epilepsy Action, concerns were expressed that the work capability assessment does not fully take account of the debilitating effect that a condition such as epilepsy can have on a person's ability to work. Can my right hon. Friend assure the House that those conducting the work capability assessment do understand the complexities and intermittent nature of neurological conditions such as epilepsy, and that those are taken into account when making the assessment?

The Minister of State, Department for Work and Pensions (Chris Grayling): I can absolutely give my hon. Friend that assurance. We are expecting further work from Professor Harrington about fluctuating conditions shortly, but I have also extended an invitation to voluntary sector groups that specialise in particular conditions to come into Jobcentre Plus and give briefings and training sessions about those conditions to our decision makers, so that we do everything we can to ensure that we get this right.

Mr Liam Byrne (Birmingham, Hodge Hill) (Lab): With the OECD forecasting that unemployment is set to spiral to more than 9% in the next year or two, it is clear that the squeeze on working families will only get tighter and tighter. Can the Secretary of State remind the House how much extra it is budgeted will come off tax credits over the next year?

Mr Duncan Smith: I have to say to the right hon. Gentleman that he needs to wait until the autumn statement to have all those figures set in place—if such a thing does exist.

Mr Byrne: I am happy to write to the Secretary of State with his own figures. Budgets laid out by the Chancellor project that more than £3 billion will come off tax credits and child benefit for working people, starting from next April. That squeeze is already serious, and that is why it is unacceptable to propose a further squeeze on tax credits in order to pay for the Secretary of State's failure to get young people back to work.

On Friday, the Deputy Prime Minister was asked where the money for the new youth contract would come from. He said:

"Well the money clearly comes from the Government".

He is full of insight. Will the Secretary of State confirm that he has been rolled over by the Deputy Prime Minister and that tax credits will be squeezed to pay for his failure to get young people back to work?

Mr Duncan Smith: Just in case the right hon. Gentleman has missed the point, I remind him that decisions about tax credits are a matter for the Chancellor. I am surprised that he does not know that, because he was once in the Treasury himself. That reminds me that he is the individual who left a letter saying that there was no money left. Where does he think we were going to get the money from to get our successful programmes under way? The answer is that we have made a great start through the

work experience programme, the Work programme and the changes to universal credit. We as a Government are doing more to get people back to work than anything his Government did when they were in power.

T2. [82845] **Chris Kelly** (Dudley South) (Con): What assessment has the Minister made of the potential effect on UK defined benefit pension schemes of the European Union proposal to review the institutions for occupational retirement directive and align it with the solvency II directive? Is not that just a further EU assault on the hard-pressed UK occupational pension sector, and the last thing we need? Will the Minister stand firm against that?

The Minister of State, Department for Work and Pensions (Steve Webb): We are gravely concerned about these proposals. The UK Government do not accept the need for new solvency arrangements for defined benefit schemes based on solvency II, which would have potentially serious effects for UK defined-benefit pension schemes. We are especially concerned about any proposals that would increase costs for employers at a time when we are looking to keep costs down, or that might affect the vital role pension funds play as investors in the UK. We will oppose these proposals.

T4. [82847] **Karl Turner** (Kingston upon Hull East) (Lab): Has the Minister revised his previous estimate that, by 2012, 25,000 single parents will be in work when their income support ends when their youngest child is five years old? Does he not accept that unemployment in my area, Hull, is at a record high, thanks to his Government's policies?

Mr Duncan Smith: I am always astonished by the Opposition's defeatist idea that trying to get single parents back into work to support their children is somehow a bad thing. The reality is that the hon. Gentleman's Government left this country bust, and without any money to do any of the things that he wants to do. They keep spending the same money again and again in their proposals. It is time that they grew up and got on with the real opposition that we expect.

T3. [82846] **Simon Hart** (Carmarthen West and South Pembrokeshire) (Con): The Secretary of State will be aware that it is still possible to study David Beckham, Harry Potter and surfing as part of degree courses in the UK. Following the Government announcement about the youth contract, can he assure me that he is in touch with the Department for Education to ensure that young people are equipped to deal with jobs in the real world?

Chris Grayling: My hon. Friend is right. It is of paramount importance that our higher and further education systems are as focused as possible on delivering the right skills for young people. The partnership that now exists between the Department for Business, Innovation and Skills, which is responsible for these areas, and ourselves is unprecedented, and it is making a real difference.

T5. [82848] **Luciana Berger** (Liverpool, Wavertree) (Lab/Co-op): I was appalled to hear the sort of advice that jobcentre staff had given to a Master's graduate in Liverpool. She was told to stop claiming her jobseeker's allowance and, instead, to carry out an unpaid internship. Does the Minister of State think that that is morally correct? If he does not, what will he do about it?

Chris Grayling: I obviously cannot comment on that specific case, but what I can say is that anyone who is going through a work experience placement can continue to draw their benefits. That is the big difference that we made. Under the previous Government, somebody who was offered a work experience place was forced to lose their benefits.

T6. [82849] **Richard Graham** (Gloucester) (Con): Does my right hon. Friend agree that many people of both sexes, in Gloucester and elsewhere, who are currently without a pension will benefit considerably from the on-time and on-budget auto-enrolment that will arrive next summer? Does he also agree that many more people, especially women, would benefit from the current proposal under consideration for a single-tier state pension?

Mr Duncan Smith: I absolutely agree. Auto-enrolment is not a negative; it is a positive. The fact that the Government are to plough ahead with it, that there will be no exemptions and that all companies will be brought under its scheme is critically important. I support the proposals of the pensions Minister, my hon. Friend the Member for Thornbury and Yate (Steve Webb). Furthermore, the reason that we were left in such a parlous position, with too many people owing money, was that not enough people in Britain had saved; now is the time to start changing that.

T7. [82850] **Mr William Bain** (Glasgow North East) (Lab): Last week, the Office for National Statistics revealed that the real value of average median wages has declined by 3.5% this year, with an even bigger fall for the lowest paid. Does the Secretary of State recognise the impact that the child tax credit has in improving the living standards of the low paid, and would it simply not be an attack on the poor to refuse to uprate the child tax credit in line with inflation next April?

Mr Duncan Smith: I need to remind the hon. Gentleman that whatever our opinions on this, it is a matter for the Chancellor and not the Department for Work and Pensions.

T8. [82852] **Mark Pawsey** (Rugby) (Con): Over the past 12 months, unemployment in my constituency has fallen by 13%. According to the headline on the front page of the *Rugby Advertiser*, that is the largest fall in the country. In contrast to the picture painted by the Opposition, there are some good news stories. Does the Minister agree that in dealing with unemployment, this Government are taking the right steps?

Chris Grayling: My hon. Friend is absolutely right. I congratulate all of those who are involved in the labour market in his constituency. This is an important point. All we hear from the Opposition is doom and gloom and that inevitably depresses those who are looking for a job. We should start to talk in a more positive way about the real opportunities that are still out there, even in these difficult times.

Grahame M. Morris (Easington) (Lab): The Department itself recognises that many people will simply flow through the Government's Work programme without securing a proper job at the end of it. How many people does the Minister estimate will end up on his mandatory workfare placement scheme after the Work programme? Does he have an estimate of the numbers?

Chris Grayling: The whole point about the Work programme is that it is uncapped; we have not set specific targets for it. The community action programme, which was announced a couple of weeks ago, is designed to help those who do not find a role through the Work programme. I would be delighted if it achieves 100% outcomes, but it probably will not. We have been determined to ensure that we do not simply send those who do not find a job in the first two years back home so that they end up sitting on benefits doing nothing. They will be asked to take part in a constructive and positive programme of useful work in our community that will, I hope, build their skills and give them a better opportunity to go back into the process, and to get a job the second time around.

Miss Anne McIntosh (Thirsk and Malton) (Con): There has been a 42% increase in apprenticeships in Thirsk and Malton. There are currently almost 700 vacancies. How can we marry up the apprentices, when they have finished their apprenticeships, with the local vacancies?

Chris Grayling: I hope very much that most employers will view taking on an apprentice as a precursor to giving them a permanent job. Nevertheless, we need to ensure that the support we provide through Jobcentre Plus and Work programme providers, as well as the work that we, as Members of Parliament, can do to support the growth of job clubs and enterprise clubs, will make it much more likely that if something goes wrong and an apprenticeship does not last, the skills built up will still lead to a role elsewhere and a longer-term career.

Jessica Morden (Newport East) (Lab): There have been several recent cases in Newport in which children with autism have been routinely turned down for the mobility component of disability living allowance only to be successful on appeal—although many are discouraged from appealing. Will the Minister consider this matter, and does she understand that this is precisely the kind of issue that is making many of my constituents extremely fearful of the new assessment for the personal independence payments?

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): The hon. Lady will be aware that there have been no changes in the assessment or eligibility criteria, so I am not sure why there might be perceived changes in the case she raises. I am obviously happy, however, to pick up on any issues that she wants to raise with me separately.

Duncan Hames (Chippenham) (LD): Here last month, the Minister with responsibility for disabled people said that she wanted to reflect on the Low review into personal mobility in state-funded residential care before announcing her final decisions. I am glad that the matter has received careful attention since then, but when might she be able to lift this cloud from over disabled care home residents and their families?

Maria Miller: I thank my hon. Friend for his assiduous attention to this issue. We are considering very carefully Lord Low's extremely helpful report and will come forward soon with our final response.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): A constituent of mine, Abigail McGhee, was engaged to, and living with, the father of her two young children when he sadly died. Her application for widowed parent's allowance was declined on that basis. Will the Minister reconsider the application of this benefit for people who find themselves in that sad position?

Mr Duncan Smith: Yes, I will, and if the hon. Gentleman would like to send me the details of that case, I will pay particular attention to it.

Andrew Bridgen (North West Leicestershire) (Con): May I thank my right hon. Friend for his Department's swift adoption of the Löfstedt review's recommendations today? Does he agree that when introduced they will have the capacity not only to reduce the burden of red tape on organisations, but to improve their understanding of health and safety and therefore its effectiveness?

Chris Grayling: I agree absolutely with my hon. Friend. I pay tribute to him and the hon. Member for Ellesmere Port and Neston (Andrew Miller), who took part in the panel working with the TUC, the British Chambers of Commerce, John Armitt, who runs the Olympic Delivery Authority, and Professor Löfstedt himself, for putting together a report that gives a really good blueprint for the future of health and safety regulation that will ease the burden on business without endangering life and limb in the workplace—the core purpose of health and safety laws.

Andrew Miller (Ellesmere Port and Neston) (Lab): Following on from that question, will the Minister confirm that there will be no attempt to remove any necessary protections preventing injuries and the causes of ill health in the workplace? Has he agreed with the Treasury that the necessary resources will be made available to his Department to do the very detailed work that Professor Löfstedt recommends?

Chris Grayling: I regard good health and safety as of paramount importance. Britain can be proud of having the best record on health and safety in the workplace in Europe, and nothing that the Government do will undermine that. I can confirm that it is my view and that of the Health and Safety Executive that it has the necessary resources to get the job done and to deliver in reality on this very good report.

George Hollingbery (Meon Valley) (Con): Has the Minister received representations on the Löfstedt review from employers or trade unions?

Chris Grayling: I have been very encouraged by the participation of employer groups and the TUC in the Löfstedt proposals. The fact that we had people from both sides of the employment and political spectrums

supporting the report at this morning's launch was a tribute to the work of everybody involved. It is a sign that we now have a cross-party blueprint for the future of health and safety in this country.

Ms Karen Buck (Westminster North) (Lab): Since last May, an extra 155,000 working households have been forced on to local housing allowance—an increase of 42% on the previous year. Is that because rents have risen or because wages have fallen?

Mr Duncan Smith: As the hon. Lady knows, when we entered office we inherited a housing benefits system in a mess and local housing allowance was already spiralling—it has approximately doubled in the last 10 years—so she should look at what happened before as much as at what happens now.

Mr Peter Bone (Wellingborough) (Con): Does the Secretary of State agree that new policy announcements from his Department should be made to Parliament first?

Several hon. Members *rose—*

Mr Speaker: Order. It is unknown for Mr Bone to be unheard. Let us hear him say it again.

Mr Bone: Does the Secretary of State agree that new policy announcements from his Department should be made to Parliament first?

Mr Duncan Smith: The answer to that question is yes.

Mr Speaker: I am glad that I asked for the question to be put again—and I am glad I heard the answer. Very satisfying.

Dame Anne Begg (Aberdeen South) (Lab): I was particularly disappointed to hear the reply that the Minister with responsibility for disabled people gave to my right hon. Friend the Member for Stirling (Mrs McGuire). The Minister seemed to imply that the only way one could trust a disabled person to tell the truth was in a face-to-face interview. The Government seem hellbent on making every disabled person go through multiple face-to-face interviews to get any kind of benefit. She was disparaging about filling in a form and getting supporting medical evidence. Dame Carol Black has said in her most recent reports that there should be fewer face-to-face interviews for employment and support allowance. What is the Minister's response to that?

Maria Miller: The problem with disability living allowance is that 70% of those currently in receipt of it have it as a lifetime award, and do not have the necessary updates and reassessments to keep track of whether that assessment is right. Having a face-to-face assessment in the first place means that disabled people get the opportunity to talk to a health care professional about their condition and ensure that they receive the right support.

Points of Order

3.31 pm

Ms Angela Eagle (Wallasey) (Lab): On a point of order, Mr Speaker. I would like to seek your advice on the Government's deliberate and selective leaking of tomorrow's statement, which has now become, in effect, a crisis Budget. So far we have been treated to Government media announcements on youth unemployment, housing, credit easing, infrastructure spending, schools spending, an energy package and a minor adjustment to the Government's ferocious squeeze on rail commuters. Ministers from the Chancellor on down have made numerous media appearances confirming the leaks. This morning on the "Today" programme the Chief Secretary to the Treasury refused to discuss the bad bits of tomorrow's statement, and spent the whole time talking about what he thought were the good bits. The ministerial code requires that Parliament should hear important statements first, and there can be few more important than this. Has not the Government's disgraceful behaviour over the past few days made a laughing stock of the ministerial code, which is now more honoured in the breach than the observance?

Mr Speaker: I am grateful to the shadow Leader of the House for that point of order. I have been gravely concerned about these matters, and I can tell the hon. Lady and the House that I have had conversations with senior members of the Government on the subject. I would like at this stage to await events. The House will look forward with interest and respect to hearing the statement by the Chancellor tomorrow, but I remain alert to the concerns that she has raised and shall be looking further into the matter.

Mr Edward Leigh (Gainsborough) (Con): Further to that point of order, Mr Speaker.

Mr Speaker: I do not want to have a lengthy exchange on this subject—I have given a ruling—so I feel sure that the following point of order, from a Member of Parliament who has served in the House for 28 years and five months without interruption, will, in accordance with precedent, be on a completely different subject.

Mr Leigh: My point of order is simply this. Having served in this House for 28 years and five months, I would not like you to think, Mr Speaker, that concern about this matter is restricted simply to Opposition Members. Those of us who love Parliament believe that Parliament should come first.

Mr Speaker: I am extremely grateful to the hon. Gentleman for what he has said and the terms in which he has said it.

Mr David Winnick (Walsall North) (Lab): Further to that point of order, Mr Speaker.

Mr Speaker: The hon. Gentleman has served for well over 30 years in total, so I am sure that he will observe the precedent even more closely.

Mr Winnick: I note that you did not mention the exact years and months, Mr Speaker, and I am pleased about that. I wonder whether I might make a helpful suggestion, arising from what my hon. Friend the Member for Wallasey (Ms Eagle) has said from the Dispatch Box. In order to save parliamentary time on Tuesday, and in view of all the leaks that have occurred, would it not be helpful when the Chancellor stands up to make his autumn statement for him merely to say, "I refer hon. Members to the press releases that have already been issued over the past weekend"?

Mr Speaker: I am grateful to the hon. Gentleman. I think it would be very sad if we were to reach that situation, but coming from an hon. Member who first came to the House in 1966, I have to say that there is more than a grain of truth and validity in that observation. Members should take account of it.

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): On a point of order, Mr Speaker. On the subject of policy being made in the press and with particular regard to the case of auto-enrolment, before the Secretary of State for Work and Pensions left the Dispatch Box, he suggested that policy should be made in the House. Would a written ministerial statement on the changes to the auto-enrolment schedule be in order?

Mr Speaker: The decision as to whether a policy announcement should be the subject of a written or an oral ministerial statement is, in the first instance and without exception, a decision for the Minister. It is not a matter on which the Chair would adjudicate—and certainly not in advance of any such matter having to be decided. We ought to leave it there.

Mr Peter Bone (Wellingborough) (Con) *rose—*

Mr Speaker: I am sure that Mr Bone's point of order is on an entirely unrelated subject.

Mr Bone: Unfortunately, it will not now be a point of order; I simply wanted to express my concern about this matter.

Mr Speaker: Well, there is much meeting of minds—from the Back Benches at any rate—this afternoon. We are grateful to Members for that.

North Africa and the Near and Middle East

3.36 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): I beg to move,

That this House has considered the matter of political developments and security in the Middle East, North Africa, the Sahel and the Horn of Africa.

It is a timely moment for this debate. Next month, as hon. Members know, it will be a year since the death of the fruit seller, Mohammed Bouazizi in Tunisia, which heralded the eruption of mass democracy movements across the middle east and north Africa, bringing the potential for significant advances in human rights and freedom, as well as, of course, risk and uncertainty. Supporting positive change and reducing instability in these areas is one of the highest priorities in British foreign policy, and is therefore an important subject for debate.

I wish to record my gratitude to the men and women of the Foreign and Commonwealth Office, and those who serve in the regions we are debating today or who support our efforts from London and in international institutions such as the United Nations and NATO. Their work over this last year has been outstanding, and we could not have done without them.

Over the last six months, the Foreign Office has been extremely active in rallying international action over Libya. Over the coming months, we will be pushing forward international policy on Somalia with equal energy, starting with a major conference hosted on 23 February in London by the Prime Minister. I want to concentrate my initial remarks on the horn of Africa and the Sahel, before turning to deal with north Africa and the middle east, which we so often debate and on which I have made many statements.

Tens of thousands of Somalis have died in recent months; a million are internally displaced and facing the worst humanitarian crisis in the world. The country is a scene of great human suffering, but it is also a base for piracy and terrorism, which exacerbate the country's plight and threaten our own security. The transitional federal Government in Mogadishu need to succeed in making the necessary political progress to begin to stabilise the country.

We need a more effective international approach that addresses the root causes of the crisis. In our view, this requires a new inclusive political process; a coherent strategy to undermine al-Shabaab and tackle piracy; and economic support, humanitarian aid and assistance to the African Union Mission in Somalia—AMISOM.

The aim of the February conference in London will be to build agreement on such a reinforced international approach. We have been laying the groundwork for some time. My right hon. Friend the International Development Secretary visited Mogadishu in August—the first British Minister to set foot there since 1992—and on my visit to Ethiopia and to Kenya in July, I met the Somali Prime Minister and, separately, the President of Somaliland.

We are taking increased action on piracy through the use of naval assets as part of the international forces operating in the gulf of Aden, protecting the transit corridors and the wider Indian ocean; we are working with the shipping industry and are allowing armed guards on UK-flagged ships. We are also providing funding to the UN Office on Drugs and Crime to continue developing prisons and prosecution facilities on the ground in Somalia and in the wider horn of Africa, as well as operating bilateral transfer agreements, which will facilitate the transfer of suspected pirates back to Somalia to serve their sentences.

Mike Gapes (Ilford South) (Lab/Co-op): The Foreign Secretary said that he had met members of the transitional Government and the leaders of Somaliland separately. Will he clarify the position of our Government in regard to the long-standing aspiration of people in Somaliland towards some form of self-government?

Mr Hague: I met those representatives separately for many reasons, including the fact that one set were in Ethiopia and the other set were in Kenya. Although we understand the wishes and desires of Somaliland, its leaders and its people, we have continued, to date, the policy of previous British Governments of not recognising it as a separate country. We think that the emphasis must be on trying to resolve the problems of Somalia as a whole. They are integrated problems, and we need an inclusive political process as well as the strategy to undermine al-Shabaab and effective action to deal with piracy. That must be our priority, and I do not think it right, at this moment, to change our policy on the recognition of Somaliland.

Alun Michael (Cardiff South and Penarth) (Lab/Co-op) *rose—*

Mr Hague: I imagine that the right hon. Gentleman, who has a long-standing interest in these matters, wants to ask me a question on the same subject.

Alun Michael: I should like to develop the theme. I greatly welcome the approach that the Foreign Secretary is taking, and his engagement and that of his Ministers with the issue. Does he agree that Somaliland has earned respect by the way in which it has developed its own system and democratic structures, and the way in which it has been helping to deal with the problems in the south over recent months? Does he also agree that it is necessary to find a way in which these neighbours can be in the same room, with respect being paid to the democratic achievements of Somaliland, rather than their being virtually told that they cannot play a role in the same debates as the transitional federal Government?

Mr Hague: Yes, I broadly agree with that. I think that a great deal of progress has been made. We have increased our contact and engagement with Somaliland, and my meeting with the leaders of Somaliland in Addis Ababa was part of that. We will continue to encourage everyone to move in the co-operative direction that the right hon. Gentleman recommends.

Tony Baldry (Banbury) (Con): It is commendable that my right hon. Friends the Prime Minister and the Foreign Secretary are organising a conference next year, but can my right hon. Friend confirm that members of a delegation from Hargeisa in Somaliland will be invited in their own right? I think that otherwise the administration

[Tony Baldry]

in Somaliland will feel that they are in the background, and that all the attention is being focused on the transitional federal Government in Mogadishu.

Mr Hague: They have been invited, as I have just been reminded by the Minister for Africa, my hon. Friend the Member for North West Norfolk (Mr Bellingham), and their engagement will be very important.

We have committed £128 million in famine relief for Somalia since July, and nearly £4 million this year to support the African Union Mission in Somalia. The United Kingdom already makes a huge contribution to efforts to improve matters there.

Mr John Spellar (Warley) (Lab): The Foreign Secretary spoke of putting guards on merchant vessels. That was announced at the end of October. Will he tell us what has happened since then, particularly in regard to the establishment of the procedures and protocols and the various rules?

Mr Hague: The rules will follow briskly, but of course these things take time to organise. The fact that there has been an announcement does not mean that there will instantly be a guard on every ship; it means that the procedures are in the process of being changed. I have no reason to think that people are dragging their feet, but I will check and write to the right hon. Gentleman, because we will certainly not let them drag their feet.

Successive British Governments have grappled with the problems emanating from Somalia, but we believe that now is the time to seek intensified international action, which I hope the House will welcome.

Regrettably, the situation in Sudan is also deteriorating. I was present when South Sudan became independent in July, when effective international diplomacy helped to ensure a largely peaceful separation from its northern neighbour. Recent events, including the bombing of South Sudan by the Sudanese air force on November 10, have jeopardised the prospect of Sudan and South Sudan co-existing peacefully in a stable region. We urge both sides to exercise restraint and refrain from military activity in each other's territory, including through support to proxy forces. We are deeply concerned by the lack of humanitarian access in the conflict areas of southern Kordofan and Blue Nile state, and I urge the Government of Sudan and the Sudan People's Liberation Movement to address this and to negotiate for a lasting peace settlement. The two countries must resolve remaining legacy issues from the comprehensive peace agreement, particularly on oil revenue, citizenship, border demarcation and the status of the disputed region of Abyei.

The House does not often debate the Sahel, but it is a region of growing importance to the UK. I visited Mauritania in October, becoming the first British Minister ever to do so, as a signal that Britain will seek closer engagement with it and the wider region. The Sahel is deeply affected by poverty, insecurity, weak governance and a lack of education and employment opportunities. The revolution in Libya has also had an impact, risking an influx of weaponry from Libya as well as potential new recruits for al-Qaeda in the Islamic Maghreb, in the form of former mercenaries.

Jeremy Corbyn (Islington North) (Lab): During the Foreign Secretary's visit to Mauritania, did he have any discussions about the Western Sahara and the wish of its people to determine their own future, rather than remain under Moroccan occupation?

Mr Hague: I did have discussions on that in Mauritania, as well as on my visits to Morocco and Algeria on the same trip. The hon. Gentleman will be well acquainted with the position of successive British Governments on this matter. We encourage Morocco and the Polisario Front to reach a mutually acceptable and lasting political solution, which provides for the self-determination of the people of the Western Sahara, and we support the work of Ambassador Ross in trying to make progress in that regard. I had plentiful discussions on that long-standing problem with all the Governments in the region.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): When my right hon. Friend was in Mauritania, I hope he had a chance to listen to its concerns about European Union vessels fishing off the Mauritania coast, raping the sea there, and about the EU not financing some of the projects it promised to fund in Mauritania.

Mr Hague: My hon. Friend was, I think, the first Member of Parliament to visit Mauritania in a long time, and he is right to bring attention to that issue. On my visit, we were discussing regional security issues however, so we did not get into the detail of the fishing arrangements, but of course we want them to be resolved to the satisfaction of the countries in the region.

Sir Gerald Kaufman (Manchester, Gorton) (Lab): On the Western Sahara, are there any developments at all in respect of the referendum? It was a long time ago when I was shadow Foreign Secretary and went to the Western Sahara and the camps in the Algerian desert, but even then the referendum was regarded as the solution. That was a long time ago, so this is a long time to wait for a democratic vote.

Mr Hague: Yes, it is a long time. The problem has been almost identical ever since when the right hon. Gentleman was shadow Foreign Secretary, so this certainly counts as a long-standing problem in world affairs, as I said. The sad news is that there has not been progress on this issue, but there are repeated and continued international efforts to make progress. I referred to the diplomatic work that is going on, and there will be further discussions on this matter over the coming months, but I do not have any better news to pass on than the right hon. Gentleman will remember from the time when he was dealing with this issue in more detail.

I was talking about the influence of al-Qaeda in the Islamic Maghreb—AQIM. It is increasing its influence throughout the region. Operating largely from northern Mali, it presents an increased threat to our security. Last Friday, a group of visitors to Timbuktu was kidnapped. I want to stress to British nationals that they should carefully note our travel advice, which advises against all travel to most of Niger, Mauritania and Mali, including Timbuktu. AQIM is known to have established contact with Boko Haram, an Islamic terrorist group operating in Nigeria, contributing to the growing strength and ambition of that group in recent months and extending AQIM's reach into northern Nigeria. We are stepping

up our efforts to counter terrorism in the Sahel region and to support economic and political development. We are co-funding a military and police base on the Mali-Algeria border, as well as emergency planning training in Mali and Niger. We are also working closely with Nigeria to combat the threat of terrorism, following the Prime Minister's visit in July.

We are also working with France and other European allies to develop an effective EU approach to security and development in the Sahel. Plans are at an early stage for a small, focused and carefully calibrated common security and defence policy mission in the region, focusing on policing, security, infrastructure development and regional training. Funding for this mission would come from the common foreign and security policy part of the EU budget. As we already contribute to that budget, this mission will place no additional resource burden upon us, save for minimal costs associated with the deployment of any British personnel. Once we have an agreed outline of this mission, we will submit it to parliamentary scrutiny. The mission is necessary to safeguard our own national security and to help countries in the region.

Instability in the Sahel could have a profoundly destabilising effect on countries in north Africa and the Gulf that are currently engaged in moves to open up their political and economic systems to different degrees. That was particularly apparent on my visit to Algeria in October. Important steps there to lift broadcast media restrictions and reform the electoral system take place against a backdrop of military confrontation with al-Qaeda. As the House understands, the politics and history of each country in the wider middle east are very different. But the contrasting experiences of those Governments beginning peaceful reform now and of regimes such as those in Syria and Iran that have set their face against reform altogether show that moves towards greater political and economic openness are essential for their long-term security and prosperity, as well as being right in themselves. So we welcome the recent elections in Tunisia, and the efforts under way to form a Government who reflect the will of the Tunisian people.

Dr Andrew Murrison (South West Wiltshire) (Con): I am sure that my right hon. Friend is about to discuss last Friday's general election in Morocco. Will he note that the PJD, a moderate Islamic party—apparently—has emerged as the largest party? Does he share my slight concern at that, because Islamic parties, however moderate they may profess themselves to be, have a tendency to move away from the west, and that would be a great pity in the case of Morocco?

Mr Hague: My hon. Friend invites me neatly on to my next paragraph. As he rightly says, last week voters also went to the polls in Morocco to choose a new Government, following the constitution passed in a referendum in July. That is an important part of Morocco's progress towards greater democratic accountability. We urge Morocco and Tunisia to turn these democratic gains into real reform that meets the long-term aspirations of their people. That is the answer to my hon. Friend's question; we have advocated democracy in these countries, and where they have turned to democracy and are holding free, fair and respected elections, we must respect the outcome of democratic votes and not try to second-guess the electorates of those countries. The test for us is not their domestic programmes—that is up to these countries—but whether they are able to continue choosing Governments in the future, having further elections and having alternating Governments in the future. Many African countries, for example, Zambia, have recently set a good example in that regard. That is the test. I do not think that we should couple our support for democracy with regular or constant criticism of parties that engage in the democratic process in these countries.

Sir Malcolm Rifkind (Kensington) (Con): Is it not worth taking into account that although the Moroccan Islamist party may be the largest single party, it obtained only just over a quarter of the vote and, as in Tunisia, non-Islamist parties in both these elections have emerged with a large majority of the popular vote? That indicates that public opinion is not necessarily going to be dominated by the Islamist point of view.

Mr Hague: My right hon. and learned Friend makes a very important point and what he has described has indeed been the pattern so far in Tunisia and Morocco. In addition, we must not prejudge how these parties will develop. Understandably, there is some anxiety about that, but they will find in many countries that they are under pressure increasingly to secularise their policies in order to deal with the practical concerns of their people. We will see over time—but only over time—how they develop.

Jo Swinson (East Dunbartonshire) (LD): On that particular point, does the Foreign Secretary not accept that in Tunisia there were some concerns about whether Ennahda would be able to represent all of Tunisia? In fact, Ennahda was expected not to meet the rule that was brought in requiring 50% women candidates but, in the end, 42 of the 49 women elected to the Tunisian Parliament came from that party.

Mr Hague: I absolutely agree. My hon. Friend makes a very important point and that is why we should not dismiss the gains and popularity of such parties or assume that their programmes will necessarily be a retrograde step for those countries. The situation might vary from one country to another and we should avoid generalising.

On the question of people's long-term aspirations and democratic gains, let me turn at greater length to Bahrain and some of the other countries I have mentioned. Members on both sides will have studied the long-awaited report of the independent commission of inquiry set up by King Hamad of Bahrain. The report confirms shocking and distressing abuses, including the use of excessive and unnecessary force against protestors, deaths in custody as a result of torture, the

"systematic practice of physical and psychological mistreatment"

of detainees, the "deliberate terrorising" of the families of suspects, arbitrary arrests and many other violations of international and Bahraini law. It also points the finger of blame at some protestors who targeted the Bahraini security forces.

The commission has set out clear steps for the Bahraini Government to take, including the establishment of an independent national committee to oversee implementation of its recommendations, an independent committee to hold to account those who broke the law, an independent

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investigation into deaths caused by the security forces and into allegations of torture and abuse, a permanent new anti-torture organisation that would also oversee human rights training for security forces, the recruitment of Shi'as into the security forces and pardon or acquittal of all those convicted of crimes relating to freedom of expression. The commission called on the Government to publish a timetable for implementation of those and its many other recommendations.

We condemn the behaviour described in the report and call for the implementation of the inquiry's recommendations in full. We also acknowledge the groundbreaking nature of the commission. This is the first time that any Government in the region have set up an international investigation into allegations of abuse, and we welcome King Hamad's pledge to use the report as a "catalyst for change" to overcome the country's divisions. I spoke to the Foreign Minister of Bahrain immediately after the issuing of the report, to urge its implementation and offer British support for that objective. Now is the time for Bahrain's Government and opposition groups to engage constructively, to promote tolerance and reconciliation and to demonstrate a shared commitment to a peaceful future for Bahrain.

Ann Clwyd (Cynon Valley) (Lab): Given what the Foreign Secretary has just said about Bahrain, is it appropriate—or was it appropriate, as I do not know what the position is now—to continue to train Bahraini military personnel at British establishments, for the Prime Minister to be photographed on the steps of No. 10 shaking the hand of the Bahraini Crown Prince, or to invite the Bahrainis to a British arms fair? Those human rights abuses have been known for many years.

Mr Hague: The abuses the commission talks about have taken place in recent months. I think that it is right—we have considered this carefully at every stage—to have maintained a degree of engagement with Bahrain over recent months. The Prime Minister and I have had meetings with the Crown Prince of Bahrain when he has visited London and I have maintained regular telephone contact with the Foreign Minister of Bahrain. Yes, there are links between our armed forces, and the Royal Navy minesweepers that operate in the Gulf are based in Bahrain. I think that it has been right to continue that engagement while making clear public criticism of what has gone wrong—criticism that I have reiterated today.

Bahrain looks to us for advice and we have repeatedly said that the commission is of enormous importance and that its publication would be of enormous importance and we have urged the Bahrainis to follow the path of treating such a commission seriously and using it as a catalyst for change. Such improvements as we might now see might be partly the product, in some ways, of the engagement of some western countries with the rulers of Bahrain, so it is therefore important to keep that up. In all these countries our Government are ready to support projects to achieve greater political participation, tackle corruption and assist employment. Our Arab Partnership fund, which I announced in February this year, is already supporting 47 projects on political and economic reform in nine countries across the region from Morocco to Iraq. During the visit by His Majesty the King of Jordan to London earlier this month, we agreed to increase our economic co-operation and support for reform in Jordan.

In Egypt, unrest is being fuelled by the fact that the democratic transition is proceeding more slowly than many in the country had hoped, as well as by economic hardship. As a result, last week we saw the largest demonstrations at any time since the revolution. More than 40 people died in violent clashes in Cairo and other cities. We have condemned those deaths and the use of excessive force by the Egyptian security forces. I welcome the fact that, despite these events, parliamentary elections are under way today, and I congratulate the people of Egypt as they go to the polls. Free, fair and credible elections are essential to retaining public confidence and keeping Egypt on track for presidential elections by the end of June 2012. The Egyptian authorities must build trust that there will be a full transition to civilian control, with the military stepping back from power, as well as economic recovery. The new Government being formed should be inclusive and enjoy broad support. I spoke to the Egyptian Foreign Minister on Thursday to convey these messages.

We have to do our utmost to help Egypt and the countries of the Arab world to make a success of more open political systems and economies, and it is overwhelmingly in our interests to do so. This is very apparent in Yemen, which has experienced 10 months of acute violence.

Mr Roger Gale (North Thanet) (Con): May I ask about Egypt before my right hon. Friend moves on? Nobody would wish to offer any succour or comfort to those responsible for the deaths and violence in Tahrir square last week, but is it not a little unwise for some western countries to call for the immediate removal of the military regime at a time when the country is facing economic collapse? Is not the long-term process of democratic elections, which will take three months at least, much more important at the moment?

Mr Hague: We have called for power to pass to a civilian Government as rapidly as possible, but also for elections to take place. It is quite right for the presidential election to be brought forward to next June rather than for it to take place in 2013. Those are the sorts of things we have urged on the Egyptian authorities. I have always argued with Egyptian leaders that they need a presidential system with strong democratic accountability, which they did not have before, in a country such as theirs and that they were leaving it too late to elect their President. I think we are giving sensible advice. At the heart of this matter is the fact that the elections should proceed, as my hon. Friend says.

I was just beginning to talk about Yemen. We welcome the fact that on 23 November President Saleh signed the Gulf Co-operation Council agreement at a ceremony attended in Riyadh, which was attended by the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North East Bedfordshire (Alistair Burt). This paves the way for the formation of a national unity Government, a Prime Minister nominated by the Opposition, and early presidential elections within 90 days. I congratulate the

GCC countries on that agreement. All sides in Yemen must work together to re-establish internal security and tackle its huge economic and humanitarian problems.

Keith Vaz (Leicester East) (Lab) *rose—*

Mr Hague: I give way to a right hon. Gentleman who has a long-standing interest in Yemen.

Keith Vaz: May I congratulate and thank the Foreign Secretary and the British Government for the patient diplomatic efforts they have made over the past few months, including the move in the Security Council to try to get the President of Yemen to sign the agreement, which he has now done? Is there absolute confidence that he will stick to that agreement? Given that the Minister of State, Department for International Development, the right hon. Member for Rutland and Melton (Mr Duncan), is present, let me ask whether we can now start to provide the aid that Yemen so desperately needs at this time in its history.

Mr Hague: I am very grateful for the right hon. Gentleman's kind remarks. I should particularly like to credit our ambassador in Yemen, John Wilks, who has done fantastic work in very dangerous—literally physically dangerous—circumstances in the past few months. Last year, there were two very serious attempts on the lives of our diplomats in Yemen. They do an extraordinary job in working there and we have kept our embassy functioning at all times. We will now do all we can to support this process and the work of Vice-President Hadi and the transitional Government. I propose to discuss these things with him soon. We have already provided more than £15 million in UK aid this year alone, but DFID has been restricted in what it can do. This is less than the Budget originally provided because of the very difficult security situation on the ground. We can do more in the development sense in Yemen once security has more widely returned.

As to absolute confidence, it would be a very brave Minister—indeed, a foolhardy one—who expressed absolute confidence in what will happen next in Yemen, after what we have been through in recent years. Nevertheless, the signing of the GCC agreement by the President in the presence of so many regional leaders, including His Majesty the King of Saudi Arabia, is a very big step forward. Now we all have to give every assistance to the process being carried out on the timetable that has been set out.

On Libya, the House will welcome the announcement of a transitional Government, headed by Prime Minister al-Kib. The transitional Government will pave the way for elections to a national congress, a new constitution and elections to a Parliament in 18 months' time. There are positive signs that the Prime Minister seeks a new Libya built on human rights and the rule of law.

Mr Edward Leigh (Gainsborough) (Con): Will my right hon. Friend comment on the report issued by the UN Secretary-General, which says that there are up to 7,000 enemies of the state who have disappeared or are being maltreated and tortured in militia-held prisons? Clearly, we cannot have double standards about this. We went to war to protect human rights. We must go on putting maximum pressure on the new Libyan Government.

Mr Hague: Yes, my hon. Friend is absolutely right about that. Members on all sides will be concerned by reports of the abuse of detainees and of other human rights violations. I raised the issue with the new Prime Minister of Libya when I spoke to him 10 days ago. It is important that the Government's commitment to uphold human rights is translated into visible action, and we look to them to do that. There are positive signs, as I was saying, that the new Government will be built on human rights and the rule of law. The new Government includes five women, two of whom are Ministers heading the Departments for Health and Social Affairs, respectively. Libya has also now resumed its seat on the UN Human Rights Council.

The Government face urgent challenges, in addition to the one that we have just mentioned, to ensure law and order, control weaponry and integrate revolutionary fighters into the security forces or help them to find other employment. The capture of Saif al-Islam was a significant moment which will help to bring the whole Gaddafi era to a close. The Libyan authorities have committed themselves to ensuring that he receives a fair trial and have indicated their preference for a trial in Libya, which is provided for in the Rome statute. We will urge them to co-operate with the International Criminal Court, as indeed they have said they will do.

Libyans are not alone, of course, in wishing to ensure accountability for crimes attributed to the Gaddafi regime. We, too, wish to see the killers of WPC Yvonne Fletcher brought to justice, and the resolution of other issues that have scarred lives and our relations with Libya, including the Lockerbie bombing and Gaddafi's support for IRA terrorism. There is no expiry date for such crimes, and we will work to support British nationals seeking justice and closure for these terrible episodes.

We will be a strong partner with the new Libya, working to build a better future for Libyans and strong bilateral relations. We will work together in a range of areas including education, migration, trade and investment and security co-operation. It will take time to cement Libya's transition from 42 years of dictatorial rule, but the House and our country can be proud of Britain's role in saving lives and helping to bring about this historic change.

Daniel Kawczynski: Will my right hon. Friend give me an assurance that his Department is doing everything possible to lobby the Government of Niger to hand over the remaining Gaddafi loyalists who have sought sanctuary in that country?

Mr Hague: We have done that. The Under-Secretary of State, my hon. Friend the Member for North East Bedfordshire, in particular has been in direct contact with Ministers in Niger, and we have reminded them and other countries in the region of their international responsibilities, which they have assured us they will live up to.

The progress that Libya is making stands in stark contrast to the repression in Syria. The toll of more than 3,500 lost lives since March this year is truly appalling. The UN commission of inquiry report issued today highlights the shocking actions carried out by the Assad regime against its own civilian population, including summary executions, arbitrary arrests, enforced disappearances, torture, sexual violence and the violation

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of children's rights. I welcome yesterday's unprecedented decision by the Arab League to impose sanctions on Syria and seek UN support to address the situation. The decision by Russia and China to block Security Council action on 4 October was utterly wrong and, in my view, has been confirmed as misguided by everything that has happened in Syria subsequently.

Mr Wayne David (Caerphilly) (Lab): What representations are the Foreign Secretary and the Government making to the Chinese and Russian Governments to ensure that they adopt a stronger position on sanctions?

Mr Hague: We have discussed that at some length, as the hon. Gentleman can imagine. The Prime Minister and I discussed it with Russian leaders, including President Medvedev, on our visit to Moscow a couple of months ago. We are in constant contact about it at the UN Security Council, as are our representatives there. I continue to believe that it would be right for the Security Council to address the issue and we will make further attempts to do so. Of course, passing any resolution will require a different attitude from Moscow.

Mike Gapes *rose—*

Mr Hague: I had better stop giving way to Members a second time, but I will do so once more.

Mike Gapes: The Foreign Secretary referred to the welcome decision by the Arab League, but I understand that at least two important neighbours of Syria—Lebanon and Iraq—have said that they will not impose sanctions. Is that because of the influence of Iran, through Hezbollah, and Iraqi political parties, and does he feel that Iran could play a very negative role in the process?

Mr Hague: I will move on to Iran shortly, but I absolutely feel that it plays a negative role in the process and has assisted the Syrian authorities in various ways to try to repress the Syrian population. It would certainly not be surprising if Iran was using its influence on some Arab countries to reduce the impact of any sanctions on Syria. Nevertheless, we should recognise that what the Arab League is doing is unprecedented. The vast majority of its members not only voted for it, but are now preparing to implement meaningful sanctions on a fellow member and colleague. That shows how seriously the Arab world takes the situation in Syria, which will have an impact on the Assad regime. Our Government's goal is to give maximum support to Arab League efforts to persuade the President of Syria to end the violence while using every lever at our disposal to bring economic and diplomatic pressure to bear. We have supported successive rounds of EU sanctions that have banned the import of Syrian oil and targeted individuals responsible for the violence with asset freezes and travel bans. We are pressing ahead with plans for further sanctions on Syria at the EU Foreign Affairs Council later this week.

Rehman Chishti (Gillingham and Rainham) (Con): Will the Foreign Secretary give way?

Mr Hague: I had better stop giving way so many times, but I will give way to my hon. Friend.

Rehman Chishti: The Foreign Secretary will be aware of recent reports in Turkish national newspapers that the Turkish Government are looking at creating a buffer zone within Syria for the protection of civilians. Is that something the United Kingdom will support?

Mr Hague: As my hon. Friend can imagine, during the state visit of the President of Turkey last week the Turkish Foreign Minister and I had extensive discussions about Syria. I do not believe that there is any imminent plan to create such a zone or take action within Syrian territory, which would obviously be a major step for any country. I think that the way forward is to intensify international pressure and support the Arab League. We co-sponsored last week's UN General Assembly resolution condemning Syria's human rights record, which was passed by a large majority. We will continue to approach the matter in this way.

I have also held talks with representatives of a number of Syria's opposition groups, including the chairman of the largest body, the Syrian national council. My intention in doing so was to gain further insights into the situation on the ground and to impress upon them how important it is that they unite around a common platform, as called for by the Arab League. At a time of crisis for their country, they should put aside their differences and show the people of Syria that there is a clear alternative to the current regime.

The current lack of a united opposition is one of the many differences between the situation in Syria and that which we faced in Libya. The obstacles to democratic transition are different in each country, and our support for Arab League efforts is the best way forward, but President Assad should not for an instant consider that there is a way back for him and his regime, which has utterly discredited itself in the eyes of most of its people and the vast majority of the world. We will not relent in our efforts to support the right of the Syrian people to choose a different future.

We have long advised against all travel to Syria, and we advise British nationals in Syria to leave by commercial means while such means are still available. Those who choose to remain in Syria or to visit against our advice should be aware that it is highly unlikely that the British embassy would be able to provide a normal consular service in the event of a further breakdown in law and order. Evacuation options would be limited or non-existent, because of likely communication and travel restrictions.

We are also intensifying our efforts to respond to the challenge posed by Iran's nuclear programme. Following the unequivocal report by the International Atomic Energy Agency on 18 November, which pointed to the military dimensions of Iran's nuclear programme, my right hon. Friend the Chancellor instructed the UK financial sector on 21 November to sever all links with Iranian banks. The United States and Canada have taken similar steps. In the coming days, European Union partners will expand sanctions against the nuclear programme. We want Iran to return to the negotiating table, and in the meantime it should be left in no doubt about the resolve of the international community.

Members will be aware that yesterday the Iranian Parliament voted to downgrade relations with the United Kingdom. That is regrettable and unwarranted. It will do nothing to repair Iran's international reputation, and to respond in that manner to pressure from the

international community to engage is entirely counter-productive and yet another sign of Iran's continued unwillingness to enter into dialogue. If the Iranian Government confirm their intention to act on that vote, we shall respond robustly in consultation with our international partners.

Mr David Winnick (Walsall North) (Lab): The action that could be taken against the British ambassador is totally wrong and should indeed be condemned, as it will be, I am sure, by the whole House, but does the Foreign Secretary accept that the concern remains that whatever the justification—and the action being taken against the regime through sanctions and the rest is absolutely right—military action could be encouraged by Israel? I certainly hope that it will be made clear that, whatever the position, military action will not be approved in any way by the United States—and certainly not by this country.

Mr Hague: The position is the one that I have made clear many times before: we are not calling for military action. Our approach is a twin-track approach of negotiations and legitimate peaceful pressure on Iran. We have always said, as previous Governments in this country and other Governments throughout Europe have said, that no option is taken off the table for the future, but we are not advocating military action, and, as I say, our approach is the twin-track approach that I have set out.

Graham Stringer (Blackley and Broughton) (Lab): I am grateful to the Foreign Secretary, who is being very generous in giving way. There is no doubt in my mind that the Iranian regime is one of the greatest threats to peace in the middle east, if not the world, but has the Foreign Secretary assessed or considered whether that regime might have drawn the wrong lessons from the change of regime in Libya, whereby the Libyans got rid of some of their weapons of mass destruction and tried to negotiate their way back into the world community? Does he think that Ahmadinejad has drawn the wrong lessons from that?

Mr Hague: It is hard to know, of course, what lessons the Iranians have drawn from that, but we certainly have not detected any change in Iranian policy—before or after the events in Libya. As the hon. Gentleman says, however, such a lesson would be the wrong one to draw. The right lesson to draw from Libya is that regimes that oppress their population over a long period eventually find that a vast proportion of that population is against them and wants to change the regime. That is something the Iranians and regimes in several others countries should bear in mind; that is the right lesson to draw.

Jeremy Corbyn: Will the Foreign Secretary give way?

Mr Hague: If the House will forgive me, I will not give way to hon. Members to whom I have given way before, because I will soon have been speaking for three quarters of an hour and more, and I want to deal with one final and very important subject, the subject of my statement on 9 November, which remains a central concern in the middle east, namely the Israeli-Palestinian conflict. I repeat today our call for negotiations on a two-state solution, without delay and without preconditions, based on the timetable set out in the Quartet statement of 23 September. In our view, the parameters for a Palestinian state are those affirmed by the European Union as a whole—borders based on 1967 lines, with equivalent land swaps; a just, fair and realistic solution for refugees; and agreement on Jerusalem as the future capital of both states. The Quartet met both parties separately on 14 November and will next meet on 16 December. We urge both parties to engage fully with the Quartet process and to fulfil their commitment to present proposals on borders and security by 26 January.

John Woodcock (Barrow and Furness) (Lab/Co-op): Will the Foreign Secretary make it crystal clear that both sides—Israelis and Palestinians—are required to step up to the process? Will he say more about what pressure he is able to put on the Palestinian authorities to come to the table?

Mr Hague: The hon. Gentleman is right to say that this requires the involvement of both sides. As I have often argued—I said it in my statement on 9 November—we need to look to Israel to make a more decisive offer than any it has been prepared to make in the recent past. That is an indispensable ingredient of any successful negotiation that could take place. However, it is also important for Palestinians to be ready to engage in the negotiations and not to set preconditions which make such negotiations impossible in the first place. There is a responsibility on both sides. It is a slightly different responsibility in each case, but it amounts to being ready to negotiate a two-state solution, which is otherwise slipping away from us.

Several hon. Members *rose—*

Mr Hague: I will take three more interventions, and then I must conclude my remarks.

Richard Burden (Birmingham, Northfield) (Lab): Will the Secretary of State confirm one thing and give his views on another? In relation to the Quartet's call for proposals, will he confirm that the Palestinians have put forward proposals but Israel has so far failed to do so? Will he give his views—perhaps he is going to do this in his speech anyway—on the unity talks that are taking place between Mahmoud Abbas and Khaled Mashal? Does he agree that the important thing is to do everything possible to ensure that Hamas is brought into the peace process instead of trying to seek excuses to keep it outside the process?

Mr Hague: I am not aware that either side has yet presented proposals that meet the Quartet's requirements of 26 January on borders and security to that level of detail. We look to Hamas to change its own behaviour; that is the way for it to bring itself into a peace process. We have looked to Palestinian reconciliation before, and we have been on the brink of it before, and now there is new discussion of that. It is important for a Palestinian authority that is the basis of reconciliation between Hamas and Fatah to include independent figures, to be committed to non-violence, to be committed to a two-state solution, and to accept previous agreements of the Palestine Liberation Organisation. That is how we will judge such an authority.

Ms Karen Buck (Westminster North) (Lab) *rose—*

Nick Boles (Grantham and Stamford) (Con) *rose—*

Mr Hague: I will give way twice more, as I said, and then I will conclude my speech.

Ms Buck: Of course we all hope that there will be a triumph of hope over experience, with swifter action on this terrible situation. In the meantime, what is the Foreign Secretary's estimate of the catastrophic situation in Gaza? Is he continuing to press at all times to ensure that Gaza's civilian population have some relief from the predicament in which they have been trapped for so many years?

Mr Hague: Yes, absolutely. As the hon. Lady knows, we have a long-standing position on this. We look to Israel to permit the further opening of Gaza so that all Palestinian people can see a pathway to a better future, living side by side with a secure Israel. It is vital that Israel takes that action. We also call on Israel to reverse its decision to withhold tax revenues from the Palestinian Authority. In addition, we have condemned, and I think the whole House is united in condemning, settlement activity that is wrong, illegal and deeply counter-productive. We are very clear about that.

Nick Boles: I apologise in advance if I am becoming somewhat repetitive on this subject, but did the Foreign Secretary see the piece in *The Times* by Tzipi Livni shortly after his last statement? I believe that most people in this House, of all points of view, would consider her to be a proper partner for peace. She made the point, which I have tried to make, that until we deal with the threat posed by Iran and specifically by the Iranian regime, the chance of much progress in any kind of peace process between Israel and Palestine is very slim.

Mr Hague: Apologising for being repetitive is a novel approach in this House which no one has ever adopted before. My hon. Friend need not apologise, because this is an important consideration. I would state the point the other way around. I had a very good discussion with Mrs Livni when she was here in October and we agreed on many points. I think that the multiplicity of threats to Israel and its growing international isolation underline the need for progress on a two-state solution and for it to make a more decisive offer to the Palestinians if negotiations take place. I see it that way around, as I think would most in the House.

In summary, our approach in the coming months will be to continue to expand our diplomatic activity in the middle east, north Africa, the Sahel and the horn of Africa; to show leadership in addressing pervasive challenges, such as the crisis in Somalia and terrorism in the Maghreb; to provide tangible support to the democratic transitions in countries from Tunisia to Yemen; to stand by the people of Syria; to meet the challenge of Iranian proliferation; and to support a resolution of the Israeli-Palestinian conflict. In all those areas, British policy benefits from a great deal of international support, from strong international alliances and from strong bipartisan support in this House for our objectives, which this Government will always seek to strengthen.

4.26 pm

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I welcome the opportunity for the House to debate the Arab spring, the horn of Africa and the Sahel this afternoon. I begin by echoing the warm words of the Foreign Secretary for the diplomats and aid workers of the United Kingdom, who do outstanding work for our country. There is complete agreement across the House on efforts to tackle security in the Sahel and, in particular, to address al-Qaeda in the Maghreb. It is right to begin this debate by recognising that, at least in our objectives, there is a measure of cross-party consensus on a number of the points that the Foreign Secretary has addressed.

It is many months since we have had a full debate on the middle east and north Africa, albeit that we have had a number of statements in the intervening months. In that time, there have been many positives and some worrying developments in the region. In Tunisia and Libya, steady progress is being made. In Egypt, historic elections mark a period of great change. The situation in Syria, however, is defined by a dispiriting lack of progress and a continuation, indeed escalation, of violence and oppression. In Yemen, progress remains slow, albeit that agreement has now been reached, as the Foreign Secretary described. In Iran, the situation is evolving rapidly, with developments increasing the already high tensions in the region. Regrettably, progress on the peace process remains sadly stalled.

I will first address the seismic changes that we have witnessed this year, which have come to be known as the Arab spring. We can already see certain patterns emerging. As has been stated, Islamic parties such as the Justice and Development party in Morocco, Ennahda in Tunisia, and the Freedom and Justice party, the party of Egypt's Muslim Brotherhood, are proving to be politically experienced, well financed, disciplined and well placed for electoral progress. It is also clear that the longer the violence continues in countries from Syria to Egypt, the less chance there is that a stable democratic order will emerge quickly, and the more likely it is, in a country such as Syria, that we could see a descent into civil war. It is hard to overstate, therefore, the perils as well as the possibilities of the current moment.

Egypt is the largest and strategically most significant country that has seen its Government overthrown in recent months. As the historic leader of the Arab world, what happens there, perhaps more than in any other country in the region, will shape future generations' views of this period of change across the Arab world. Today, as we speak, millions of Egyptian voters are going to the polls after a long and hard-won struggle for democracy, yet the deeply troubling resurgence of violence that we have witnessed in these past days, and indeed the reoccupation of Tahrir square by the protestors, demonstrate the continuing fragility of the gains already made and the continuing anxiety of many about the evidence that the pre-Mubarak power structures have retained their authority in post-Mubarak Egypt.

Civilian control of the military is one of the cornerstones of democracy, and after eight months of military rule the Egyptian military face a fateful choice. The so-called al-Selmy proposal for constitutional reform proposed earlier this month by the Egyptian Deputy Prime Minister, which sought to exempt the Egyptian military from

proper civilian scrutiny, has now been vocally and visibly rejected by the millions across Egypt who have taken to the streets in recent days.

In light of those recent developments, will the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for North East Bedfordshire (Alistair Burt), confirm when he winds up the debate that, during the Foreign Secretary's recent visit to Egypt, the Foreign Secretary was satisfied by the assurances that he received from the Egyptian interim Government on the key issue of civilian control? Did they appreciate fully that attempts to preserve the military's past privileges and powers would damage the very country that they took an oath to protect? Given the Foreign Secretary's advocacy this very afternoon of free, fair and credible elections in Egypt, what representations have the British Government made about the United Nations being denied access to election planners in Cairo and about the retention of a system of quotas in Parliament, which has been used to manipulate election results in Egypt since the presidency of Colonel Nasser? Of course, I welcome the fact that so far, the ceasefire between protestors and the police brokered last Thursday remains in place, but so too, if we are honest, do the fundamental political differences that began the conflict.

The road from popular uprising to stable democratic governance is of course hazardous. In the absence of a clearer democratic pathway forward or bold, decisive economic policies, the Egyptian economy shrank by 4.2% overall in just the first quarter of this year compared with a year before. With unemployment now running at about 12%, the economic risks confronting Egypt are real and dangerous. Democratic political reform becomes a much more onerous, indeed difficult, task when it occurs against the backdrop of economic decline. I therefore believe that the Government have to do more to convince all of us in the House that multilateral organisations, critically including the European Union as well as the multinational financing organisations, are taking all possible steps to assist the Egyptian economy in this difficult period of transition. Perhaps the Under-Secretary could set out the practical steps that the British Government are urging upon those institutions.

I share the concerns expressed by the Foreign Secretary about the recent developments on the ground in Syria. As the UN commission of inquiry report issued earlier today states, and with recent UN estimates putting the death toll at a horrific 3,500, it is clear that Assad has lost any legitimacy and must step aside, but how can the international community act to isolate further the Assad regime at this time? First, we must ensure that pressure from the Arab League and regional powers remains coherent and consistent. The Opposition welcome, as did the Foreign Secretary, the recent diplomatic steps taken by the Arab League, including steps taken this weekend to impose further sanctions on the regime. However, will the Under-Secretary give his assessment of the impact that he expects that pressure to have, given that despite the steps already taken the violence has continued unabated and the death toll has continued to rise?

Secondly, can the Government say any more about what discussions they are having with European counterparts about the possibility of imposing further economic and diplomatic sanctions on Syria through the European Union? Do the Government share my view that, in light of the welcome and significant steps taken by the Arab League, the EU should now be prepared to go further than the sanctions announced as recently as September?

Thirdly, the Opposition welcome the Government's involvement in passing the unequivocal statement at the United Nations condemning the recent violence in Syria, but given the stated opposition of China and Russia to taking further diplomatic steps against Syria, which has already been the subject of some debate this afternoon, will the Under-Secretary tell the House whether the Foreign Secretary raised the issue during his most recent discussions with Russian Foreign Minister Lavrov, and particularly what further discussions are scheduled to press the Russians to change their position on Syria?

Finally on Syria, I wish to address the role that Turkey can potentially play in securing an end to the violence, an omission that I found curious in the Foreign Secretary's remarks. Last week, along with the Foreign Secretary, I met the Turkish Foreign Minister during the state visit to London of the Turkish President. Let me commend publicly the statements that Turkey has made, making it clear that it regards the Assad regime as now having passed the point of no return. But there should be no doubt, as the Turkish Government have made clear, that the longer this crisis endures, the greater are the prospects of ethnic, religious and sectarian fault lines re-emerging in Syria in ways that could make it harder still to reach a swift and peaceful resolution to the conflict. Can the Under-Secretary therefore share with the House some of his thoughts about what further action could be taken, given Turkey's significant role in the region and its strong commitment to try to see a resolution to the crisis presently affecting Syria?

We welcome the publication—albeit delayed—of the report of the Bahrain independent commission on human rights. Notwithstanding the remarks by the Foreign Secretary, I regret that—contrary to the undertaking that he previously gave the House—the Government have failed to provide a comprehensive written ministerial statement setting out their views on that report. Therefore, I welcome the fact that he confirmed today that the Government are giving their immediate backing to recommendations in the report, not least the call for any protestors accused of a crime to be tried in civilian courts and not special military courts that operate outwith the normal legal system. Therefore, I ask the Under-Secretary to update the House, when he winds up, specifically about the retrials of 20 medics detained during the recent protests. Has he received assurances from the Bahraini authorities that they will meet the necessary international standards of free and fair trials and, if not, what steps are the Government taking to seek to ensure that that happens? We also welcome the report's conclusion that there is no significant evidence of Iranian involvement in the recent violence, but I suggest that that makes the task of national reconciliation in Bahrain all the more important and pressing. Perhaps the Under-Secretary could be more forthcoming about what steps the Government will take to encourage such critical national reconciliation, given the continued suggestions of violence within the country and Britain's historically strong links with Bahrain, which the Foreign Secretary described this afternoon.

Ten months after the mass uprising that swept Ben Ali from power, Tunisia has taken a vital step this month in its transition from autocracy to democracy. The country's

[Mr Douglas Alexander]

constituent assembly held its opening session this week, following the first ever free elections last month, which saw more than 90% of those registered turning out to vote. We therefore urge the Government to continue to monitor the constitutional reform process in Tunisia closely, and to do all that they can to support the democratic transformation thankfully already under way. Only last week, thousands gathered in the streets of Tunis to call on the newly elected legislature to ensure that the new constitution reflected the rights and freedoms that they have for so long sought. Can the Under-Secretary be more specific on what steps are being taken, through the work of the British embassy in Tunis, the Arab partnership fund and the European Union's neighbourhood fund, to support the democratic transition under way?

In Libya also, the political leaders have begun the process of drawing up a constitution and it is vital that in the months ahead that process is recognised to be fair and transparent. I welcome the swearing in of Libya's transitional Government, which represents a vital next step in the country's roadmap to elections next year. The decision by the national transitional council in Libya to work with the International Criminal Court and the United Nations in investigating alleged crimes committed by Muammar Gaddafi and his recently captured son is also welcome. We urge the Government to continue to offer their full support to that process.

It is, however, a matter of regret to hon. Members on both sides of the House that the recent tide of change in the region has not yet led to progress on one of the most intractable conflicts that continues to define the lives of so many in the region—the Israeli-Palestinian conflict. Across the House, I believe that there is strong consensus that we therefore now need the renewed efforts and energies of which the Foreign Secretary spoke to be invested in the Israeli-Palestinian peace process. Since we last debated the issue in the House, too little progress has been made on the ground—millions of Israeli civilians are still living in fear of the deadly barrage of rocket attacks from Gaza, while settlement building on Palestinian land has continued unabated in clear violation of international law. For real and urgent progress to be achieved, both parties must be encouraged to come back to the negotiating table.

The international community, as well as a majority of Israelis and Palestinians, share a common view of the principles on which a final agreement will be based. The Foreign Secretary rehearsed them again this afternoon—land swaps around the 1967 borders, Jerusalem as a shared capital and a fair settlement for refugees. However, despite that apparent consensus, progress seems to have stalled and efforts to reinvigorate it remain all too weak. We agree with the Government that there is no alternative to a negotiated peace, and we will support them in their efforts to facilitate a negotiated agreement. Given the present deadlock, will the Under-Secretary tell us what specific steps the Government are taking to re-establish the peace process, and will he offer the House his view as to how the present logjam can be broken?

Let me turn now to Iran, on which there is a broad and wide consensus in this House. An urgent and pressing issue in the region is the apparent ambition of the Iranian regime to acquire nuclear weapons. Based on the threats of the Iranian President himself, we know that, if Iran were to acquire a nuclear weapon, it would pose a grave threat to its immediate neighbours as well as to the stability of the region and the security of the international community as a whole.

Members across the House will have been shocked by the scenes of anger that were directed towards the United Kingdom in a recent session of the Iranian Parliament. Chants of "Death to Britain" were just the latest reminder of the violence and brutality that characterise too much of the Iranian regime. In light of those recent developments, will the Under-Secretary give an assessment of how the downgrading of diplomatic ties is likely to impact on the UK's ability to take what diplomatic steps it can to stop Iran acquiring nuclear weapons and how the UK strategy on that issue can be advanced notwithstanding these actions by the Tehran regime?

Jeremy Corbyn: As my right hon. Friend knows, I am not in favour of anyone anywhere having nuclear weapons. He will also be aware that Iran is a signatory to the nuclear non-proliferation treaty and that last year's review conference called for a middle east nuclear-free zone. Such a zone would obviously include Israel, which is not a signatory to the NPT. Does he not think that, at this delicate time, it is more important than ever rapidly to engage with all shades of opinion in Iran to try to head off a potentially catastrophic descent into a military attack on Iran, which clearly some people are planning to do?

Mr Alexander: I do not know whether this will encourage or dispirit my hon. Friend, but I can do little better than to echo the words of the Foreign Secretary on the matter. We want that twin-track approach. It is therefore important and necessary that there should be engagement with the Tehran regime. The most recent International Energy Agency report issued a stark warning about the nuclear programme. In all parts of the House, we should be mindful of the grave risks that the Tehran regime is now running. We have already welcomed the steps that were taken last week by the Government to impose new sanctions against Iran, which will cut off all financial ties with Iranian banks.

When the Under-Secretary winds up, will he tell us whether the Government will consider taking further action under the Counter-Terrorism Act 2008, which could add further pressure on the Iranian Government? Will he also give us his assessment of the effect of the present EU sanctions on Iran's critical petrochemical, oil and gas industries? We must continue to search for those peaceful forms of pressure to persuade the Iranian regime to think again. In light of the most recent IEA report, it seems that UN action should be stronger. Will the Under-Secretary give us his assessment of what prospects there are for further action at UN level, given the stated position of both the Chinese and the Russian Governments, and also assure the House that in any recent and further meetings with those Governments, the issue of a nuclear-armed Iran will be high on the Government's agenda?

Let me turn briefly to events in Somalia, where a tragic food crisis has emerged in recent months. I welcome news that a conference is to be held in London in February, not least given the range of issues that now demand the attention of the British Government and

the international community, which include the food crisis and the security challenges, of which the Foreign Secretary spoke.

The first famine of the 21st century was declared in Somalia in July. The lack of rain in the region is due to be the worst in 60 years and the UN is warning that, as a result, more than 1 million people face imminent starvation. Against that backdrop of human tragedy, we are gravely concerned by reports emerging this week that the al-Shabaab fighters have closed down several aid agencies working in Somalia. The stranglehold of al-Shabaab on the region is having a wholly negative impact on the prospects for peace across the region. Given that, will the Government provide an assessment of the progress made in establishing the authority of the Somali Government across the entire country, particularly in areas where militants are making it almost impossible—sometimes wholly impossible—for aid agencies and others to access vital life-saving support from international aid agencies?

In conclusion, as already evident, there is broad agreement across the House on the steps that need to be taken in response to the extraordinary wave of change that has come to be known as the Arab spring. It is already clear that democratic transformation will not unfold uniformly across countries as vast and divergent as Egypt, Libya and Syria, but the consistency of the demands made by the protesters across these borders is testament to the enduring values for which they have been struggling. It is therefore incumbent on the Government to act in the months ahead in ways consistent with the scale of the opportunities and the scale of the risks confronting the middle east and north Africa.

4.45 pm

Sir Malcolm Rifkind (Kensington) (Con): I begin by apologising for the fact that I will not be able to hear the winding-up speeches, but I look forward to reading them.

I agreed with the shadow Foreign Secretary's observation that patterns are emerging in the Arab spring, and I wish to draw attention to one pattern that has not given risen to much comment but which is very significant. Although turmoil has affected every country in the Arab world from Morocco to the Gulf, it is significant that the greatest turmoil and the revolutions have taken place and dictators have fallen in the republics, whereas the monarchies, with the exception of Bahrain, despite experiencing significant disturbances, have not seen such substantial violence or attempts to overthrow the system.

It is worth asking why that might be. It is over-simplistic and incorrect simply to say, "It is to do with those countries that have oil and those that do not", because clearly Morocco and Jordan have minimal amounts of oil while Libya has a great deal. I think that it is about legitimacy. I am not suggesting that there is antipathy towards republicanism as such in the republics of the Arab world or that there is a love for monarchy, but these are dictators who have acted cruelly, who achieved power by force—or, in the case of Assad, whose father took power by force—who have maintained it by the cruellest methods of despotism and who therefore have not earned their people's respect.

Admittedly, the monarchies have not been democracies but authoritarian states, some of which have exercised their power in a way that we and many of their own people would consider unacceptable, but nevertheless in the eyes of a significant proportion of their own people they still have that legitimacy without which a modern Government cannot expect to survive.

Mike Gapes: I agree with the right hon. and learned Gentleman. Does he also accept that certainly in Jordan and Morocco there have been progressive improvements towards democracy—too slow perhaps and possibly temporary but nevertheless a reform process—which has not been the case in some of the other countries?

Sir Malcolm Rifkind: I was coming to that point. The hon. Gentleman is correct. There is something else that Jordan and Morocco have in common: both the King of Jordan and the King of Morocco claim descent from the Prophet, and many of their people accept the legitimacy of that claim. Furthermore, the King of Saudi Arabia does not call himself "King of Saudi Arabia" but "Custodian of the Two Holy Mosques"—Mecca and Medina—to emphasise, as he would argue, his spiritual not simply secular role. But the hon. Gentleman is correct: the other phenomenon in many of these monarchies is that they have been prepared, however hesitantly, to begin the process of reform, which might help them to deal with their long-term problem.

Daniel Kawczynski: I am pleased that my right hon. and learned Friend is raising this issue. I would add that there are many people in Libya who wish for a restoration of their constitutional monarchy and very much regret that the national transitional council is proposing a presidential system without any plebiscite to find out what the people wish.

Sir Malcolm Rifkind: As it happens, I have met the Crown Prince of Libya in the past few months. It is, however, up to the Libyan people. They were pretty good at getting rid of Gaddafi, and if they want a restoration of the monarchy, it should not be too difficult for them to insist at least on a plebiscite so that the Libyans can decide.

I raise this question not simply to praise the monarchies. In the longer term, they face exactly the problem that the north African countries and Syria face now. They do, however, have a window of opportunity. Their peoples are saying, "We, too, want more liberal, accountable government and the rule of law, just as the rest of the world has increasingly had it. Because we accept your legitimacy and because we acknowledge that you are introducing reform, however tentatively, we are prepared to give you the benefit of the doubt for the time being." However, I predict that if, in five to 10 years from now, not much real progress is made—if the kings, emirs and sheiks remain autocratic rulers in all but name—then revolution will come to those countries as well.

The crucial country is Saudi Arabia, where even that tentative process of genuine parliamentary reform has not even begun yet—it will always be slower for all the reasons that the House is familiar with. Saudi Arabia needs to embark on that process. Prince Nayef—a man who does not have the liberal inclinations of King Abdullah—has been chosen as the new crown prince, although whether he will be more pragmatic when he one day becomes a monarch remains to be seen. However, Saudi Arabia needs to realise that it cannot simply be

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immune from this extraordinary revolutionary fervour, which has affected Saudis as well as those in other Arab countries.

Jeremy Corbyn: Is the right hon. and learned Gentleman aware that there have been demonstrations criticising the monarchy in Saudi Arabia—which have been brutally suppressed—that the army has been sent into Bahrain and that there is almost unparalleled control of the media in Saudi Arabia, even compared with the previous regimes all over the region?

Sir Malcolm Rifkind: The hon. Gentleman is right that even in the monarchies there are human rights problems, including in the United Arab Emirates in the past few days. Ministers have resigned from the Kuwaiti Government because of protests over various developments there. In Saudi Arabia, it is more a protest of the Shi'a minority. They are big minority—20% of the population—but they can never aspire to power, and if the Saudi Government have sense, they will try to achieve a policy of reconciliation with them.

I want to turn to a second point—one that came up briefly in the earlier exchanges—about the role of Islamist parties in the region. Like most people in the United Kingdom or the west generally, one feels more comfortable if secular parties win elections; however, we should not get too over-exercised by the fact that parties that call themselves Islamist are doing rather well in a number of countries in free elections. The first point, which is perhaps the most important, is that, from the point of view of al-Qaeda, what is happening with Islamist parties in those countries is a disaster. The whole point of al-Qaeda is to reject a parliamentary route to power, to reject the sharing of power and to insist that only by revolution combined with terrorism can the Islamist ideal be achieved.

What we are seeing, not just in Tunisia and Morocco, but with the Muslim Brotherhood in Egypt too, is a recognition—for a number of reasons and motives—that, at the very least, power will need to be shared. There is a public declaration of a commitment to multi-party democracy and the rule of law. Of course there will be people in those parties who do not share those values, but so far the evidence supports the view that those declarations are what those parties are about. As I mentioned when I intervened earlier, opinion surveys in Egypt suggest that elections in Egypt are likely to be similar to the two elections so far. The Muslim Brotherhood will do well—it will probably be the largest party—but all the evidence so far, including independent surveys of opinion, suggests that it will not form a majority by itself. It, too, will have to share power, which is crucial.

Earlier I mentioned another factor in relation to Egypt which seems not to have been commented on, but which is significant. If the House accepts that the most important reason, apart from a general desire for the rule of law and freedom, for the revolutions in Egypt and elsewhere was a demand for economic progress—those countries are economically stagnated, having fallen woefully behind Brazil, south-east Asia and countries of the far east in their economic development—that means that the Muslim Brotherhood in Egypt faces a particular problem. Anyone ruling Libya will have vast amounts of oil wealth and will be able to afford to act in an extreme way—if that is the way they want to go—because they do not need the co-operation of the rest of the world. The Muslim Brotherhood knows perfectly well that if it were to acquire power in Egypt and then use it as though it had the right to impose an Islamist system on a population that did not want it, that would immediately destroy any possibility of overseas investment in Egypt. Who would invest in Egypt if it seemed to be going the way of Iran? The people of Egypt would never forgive an Egyptian Government who destroyed the prospect of economic growth by pursuing a theocratic agenda. I believe that the Muslim Brotherhood understands that perfectly well and that the first priority of any Egyptian Government has to be to reassure the outside world that Egypt will be an attractive place to come as a tourist and to invest in its resources, in order to help build the economy.

Kwasi Kwarteng (Spelthorne) (Con): Does my right hon. and learned Friend accept that as a consequence of the 25 January revolution and the uncertainty, Egypt has seen enormous capital flight, so much of the risk and the economic disaster that he outlines has already happened?

Sir Malcolm Rifkind: Yes, of course, that has happened over the past few months, but it could be reversed if there were a prospect of stability and progress. The tragedy of Iraq is that the Iraq war went on long after the military conflict, with the whole economy destroyed as a consequence. It is only now that Iraqi oil production has got back to its original level. Libyan oil production should be back in a year or 18 months or so—perhaps even earlier. Tourism will return to Egypt when there is stability, but not without it. Any party that destroys that prospect will not be thanked.

Let me turn briefly to two other issues. The first is Syria. There are serious limits to what can be achieved by the outside world in relation to Syria. I pay tribute to the people of Syria who I never expected for a moment would be able to survive eight months of this appalling treatment by their own Government. I assumed wrongly that it would be like the tragedy of Iran and that when the Government used the police, the security forces, the prisons and the torture chambers, the Syrian opposition would, within months, have been pushed under ground, though not destroyed. That has not happened as it did in Iran. The Assad regime is doomed; the question is how we can assist that process.

I welcome the fact that the Government have already opened up contacts with the Syrian opposition. That is highly to be encouraged. I make just one additional point. It seems to me that, although for all the reasons that are increasingly understood, there cannot be a military dimension to the help we give the country, what the Syrian opposition need most is for their morale to be boosted and for them to be able to demonstrate to the people of Syria that they are increasingly winning, not losing, this conflict. That is the significance of the Arab League's decision and the imposition of economic sanctions. That is how the United Kingdom, the European Union and the United States can make an impact—by demonstrating solidarity with those in Syria who are seeking change.

The final area on which I want to comment is, of course, Iran. There has to be very serious doubt as to whether the current policy of economic sanctions has

any prospect of working. However much they are extended, there is no evidence that the Iranian Government are terribly interested in dialogue or even in a carrot-and-stick policy.

One problem—we have heard about it elsewhere—is the attitude of Russia and China. The question is whether there is any way in which the Russian and Chinese Governments can be persuaded to change their position. Russia is acting in an utterly illogical way, even given its own national interest. It is difficult to understand why Russia, with a large Muslim minority of its own and considerable destabilisation in the Caucasus, should acquiesce in the growth of nuclear weapon capability in Iran. If one looks for a Machiavellian explanation, there is a very simple one. The Machiavellian explanation for Russia's opposition to what is happening with Iran is that it does not want sanctions to work and hopes that the Israelis or the Americans or both will use the military option. That would have the dual benefit of destroying or damaging Iran's nuclear capability, without Russia having to share the responsibility and thus benefiting both ways from the consequent developments. That is a Machiavellian explanation. I hope it is not true, but I am not yet convinced because I cannot think of any other reason why Moscow should behave as it is.

If there is to be any prospect of economic sanctions working, the only opportunity I can see for success takes us back to the Arab League. As the Foreign Secretary has remarked, the Arab League has already acted in an unprecedented way—first with Libya, when it called for the international action to be taken. As a consequence, Russia and China, which would otherwise have vetoed the international action, came round to allowing the resolution to be passed. Secondly, the Arab League has acted impressively in the case of Syria.

In respect of Iran, however, there is an extraordinary silence. Were it not for WikiLeaks, we would not have been made aware of any public comments showing not just the distaste of Arab countries, but their absolute horror at the prospect of an Iranian nuclear weapon as a result of the geopolitical impact it would have on the region as a whole and on account of their perception of their own security. The situation is extraordinary. As any of us who meet Arab Ministers, Governments or leaders privately will be aware, this is at the top of their agenda: what is the west going to do to prevent Iran from having a nuclear weapon?

It was thanks to WikiLeaks that King Abdullah was quoted as saying that the head of the serpent must be cut off—a clear endorsement of the kind of military action by which some Members do not seem to be too enthused. The question is, why can the Arab leaders not express their views publicly? If they did, they would put a great deal more pressure on Russia and China. Those who put that question to them, as I have, are normally told, "We must have equivalence between Iran and Israel. We cannot just call for sanctions against Iran, because Israel has a nuclear weapon, and unless Israel responds as well, it would not be acceptable."

I must say that I find that a pretty pathetic and unconvincing argument. Israel has had nuclear weapons, rightly or wrongly, for probably some 30 years. Of course the Arabs do not like it—they hate it—but they are not frightened of Israel's nuclear weapons. If they were, they would have moved towards acquiring nuclear weapons themselves some 30 years ago, but they have not made the slightest effort to do so. They know that, while Israel is a threat in other respects, it possesses its nuclear weapons—rightly or wrongly—essentially in order to protect its very existence as a state should it be subjected to unassailable odds in some conventional conflict.

The Arabs have learnt to live with that, but they do not find it acceptable in the case of Iran. They know that this is all about Iranian nationalism. The Shah, as well as the ayatollahs, was interested in acquiring nuclear weapons, although he did not do much to achieve it. Iran's traditional enemy is not Israel, but the Arab states themselves. If the Arab states are deeply disturbed by this prospect—if they believe, privately if not publicly, that it is a much greater threat to their security than Israel's nuclear weapons have ever been or are ever likely to be—they must be as bold in respect of Iran, through the Arab League and individually, as they have so splendidly been in respect of both Syria and Libya.

Bob Stewart (Beckenham) (Con): Does my right hon. and learned Friend agree that the prospect of a nuclear-armed Iran would be horrific for the Russians and possibly the Chinese as well? According to indications that I have received from contacts in Russia, the Russians are pretty horrified by the idea.

Sir Malcolm Rifkind: All of them ought to be horrified by it. China itself has a Muslim extremist minority on its western borders, in Xinjiang, and it is very much affected by what happens in central Asia. None of these countries wants nuclear weapons—we understand that—and we are not, or should not be, necessarily asking them to support military intervention. We are talking about a peaceful alternative to resolve the single most important problem that currently exists in the middle east, apart from the Israel-Palestine issue. That is the basis on which we should act.

I remain very heartened by what is happening in the Arab spring. It will be three steps forward and, occasionally, one step back, and some countries will not prosper as well as others, but the results in Tunisia—the first country of the revolution, and the country that has gone furthest—are very impressive so far. We shall need to see how the Egyptian elections proceed, but Syria is the key. When—not if—the Syrian regime falls, we shall see a situation that has become absolutely irreversible in the middle east. That will not only help the people of those countries, but will mean that for the first time in its history Israel will be surrounded by countries that, to a greater extent than ever before, respect and understand the rule of law, democratic values and accountable government, which should not harm but help prospects for the long-term relationship between Israel and its Arab neighbours.

5.4 pm

Ann Clwyd (Cynon Valley) (Lab): I welcome this debate on the middle east, an area in which many countries continue to undergo political upheavals following decades of authoritarian rule for the benefit of those in power and at the expense of the ordinary citizen.

Much attention has, of course, been directed towards Egypt, where the struggle for democracy, accountability and transparency appears, unfortunately, to be far from over. Like many others, I hope that the military will be

[Ann Clwyd]

persuaded to give way soon to a fairly elected civilian Government. However, I shall focus on two other states in the region, which have been mentioned often this afternoon, and where the legitimacy of the Government in power has been challenged. Those Governments now have to decide whether they will undertake reform of their own volition, or precipitate greater instability, and create mistrust and suffering among their own citizens. Those two countries are, of course, Bahrain and Syria.

As has been widely reported, there was widespread protest and serious unrest in Bahrain between February and March of this year. On 15 March, after political negotiations between the Government of Bahrain and the opposition had broken down, the Government declared a three-month state of national safety, which was lifted on 1 June. Gulf Co-operation Council forces were also deployed in the country from about that time. There was a serious and heavy-handed Government crackdown on those believed to have been directing the protests, as well as on leading opposition figures.

These recent events must be put into context. Although there have been attempts by the Government of Bahrain to reform and to address human rights concerns in the recent past, particularly since the ascension to power of the current monarch, reports by well-known international human rights organisations have highlighted the use of torture by the security apparatus, impunity, unfair trials, arbitrary arrests and restrictions on freedom of expression and assembly as ongoing and serious problems not just this year, but for many years.

Amnesty International's background report on the situation in Bahrain in 2010 stated:

"During 2010, sporadic protests took place in predominantly Shi'a villages against alleged government discrimination in relation to housing and employment opportunities. In some cases, protesters blocked highways with burning tyres and threw home-made petrol bombs at the police and security forces. Hundreds of people were arrested"—

I reiterate that this is a report on the situation in 2010, not 2011—

"particularly in August and September, in connection with protests and riots, including many leading opposition figures, most from the Shi'a majority community. Many were allegedly arrested without warrants and held incommunicado for up to two weeks after arrest."

On the situation in 2009, Amnesty International said:

"The authorities failed adequately to investigate allegations of torture and other ill-treatment of detainees. Government critics were briefly detained and several websites were closed down. One person was executed. The government indicated it would decriminalize certain publishing offences, reduce legal discrimination against women and introduce other reforms."

Political analysts have highlighted long-standing demands in the country for political, constitutional and socio-economic reform. In particular, calls have been made for an elected Prime Minister, an accountable Government and a fully empowered and democratically elected legislature. Previous attempts by the Government of Bahrain to address these demands have not been viewed as very successful by opposition leaders, and resulted in a lack of trust in the Government's willingness to implement genuine and meaningful political and socio-economic reform. The protests earlier this year must be seen against this backdrop of long-standing violations and grievances.

The Bahrain independent commission of inquiry—BICI—was set up by the Government of Bahrain to investigate and report on the allegations and events of 2011, and to make such recommendations as it deemed necessary. I, of course, welcome the King's initiative to set up this commission and to allow for the full publication of the report's 500 pages. It presents a detailed and balanced account of events surrounding the Bahraini protest movement, the context in which it occurred and the response by Government agents. Its findings set out in considerable detail the manifestly repressive nature of the Government's crackdown on protesters and opposition leaders.

The report states that the security forces

"in many situations violated the principles of necessity and proportionality, which are the generally applicable legal principles in matters relating to the use of force by law enforcement officials. This is evident in both the choice of weapons that were used by these forces during confrontations with civilians and the manner in which these weapons were used."

Kwasi Kwarteng: What does the right hon. Lady say to the accusation that I have heard from some people in the region that Iran was very much involved in fomenting the unrest in Bahrain?

Ann Clwyd: If the hon. Gentleman is a little patient, I shall come to that point in a moment.

The report also states:

"A large number of individuals were prosecuted before the National Safety Courts".

It went on to say:

"Numerous violations of due process rights were recorded...it appears that the Military Attorney General chose to rely on those statutory provisions that were the least favourable to the arrested persons and to the defendants appearing before the National Safety Courts."

It continued:

"The manner in which the security and judicial agencies of the GoB"—

Government of Bahrain—

"interpreted the National Safety Decree also opened the door for the perpetration of grave violations of human rights, including the arbitrary deprivation of life, torture and arbitrary detention."

The report also details that many of the detainees were subjected to torture and other forms of physical and psychological abuse while in custody, and it lists the methods as follows:

"blindfolding; handcuffing; enforced standing for prolonged periods; beating; punching; hitting the detainee with rubber hoses (including on the soles of the detainee's feet), cables, whips, metal, wooden planks or other objects; electrocution; sleep-deprivation; exposure to extreme temperatures; verbal abuse; threats of rape...and insulting the detainee's religious sect".

Those subject to this were predominantly Shi'a.

Many of those held by the authorities claim that they were forced to sign confessions or admit to committing crimes. It is especially pertinent that the report notes on more than one occasion that the actions of the authorities were "systematic". I emphasise that word, as it shows that these violations were not the fault of a few bad apples or rogue elements; the security personnel in Bahrain were carrying out actions that were expected of them and that were implicitly, if not explicitly, condoned by superiors and other branches of the Government.

With at least 35 deaths, thousands arrested, 4,500 employees dismissed for their support of the protests, more than 500 students expelled and 30 religious sites demolished, it is simply not credible that such a vast crackdown could have taken place at the initiative of the lower ranks of the Bahraini Government alone. The report categorically states:

"In many cases, the security services of the GoB resorted to the use of unnecessary and excessive force, terror-inspiring behaviour and unnecessary damage to property. The fact that a systematic pattern of behaviour existed indicates that this is how these security forces were trained and were expected to behave."

It goes on to say that there is

"a culture of impunity, whereby security officials have few incentives to avoid mistreatment of prisoners or to take action to prevent mistreatment by other officials."

Some months ago, before the summer recess, I, on behalf of the all-party group on human rights, and Lord Avebury, the vice-chair, went to see the ambassador of Bahrain at the embassy in London. He was Mr al-Khalifa, a member of the royal family, and Eric Avebury, in particular, had detailed knowledge of the complaints made by some of the medical personnel—he knew some of the doctors personally. He was very specific when we put those accusations to the then ambassador, who said that he knew nothing about it but that he would come back to us with a detailed explanation of all the allegations. We heard not one word from the ambassador and surprisingly—or perhaps not—two weeks later, he was gone from the embassy, never to return. He was replaced by another ambassador, who did not give us any more information.

I remain concerned about the trials of doctors and nurses in military courts and the harsh sentences handed down. Although the King subsequently intervened and most of the health workers are now under house arrest awaiting trial in civil courts, the report's findings on the brutal manner in which people were arrested and detained prompts the question of whether any subsequent trials can be fair and whether there is any justification for those people being held at all.

Jeremy Corbyn: I compliment my right hon. Friend on her meeting with the ambassador and the efforts that she and Lord Avebury have made. Does she agree with me, however, that the current process in Bahrain is pretty awful but not particularly new and that it goes back to the suspension of the constitution a couple of decades ago and the continual denial of rights of free expression ever since? This is a merely a descent into that and much of the surveillance of the opposition is done using equipment supplied by Britain.

Ann Clwyd: I thank my hon. Friend for making those points, which I attempted to make to the Foreign Secretary earlier. It is inappropriate: if we are still selling arms to the Bahrainis or training Bahraini military personnel in this country, that should not be done in the light of human rights abuses going back not just to the beginning of this year but to earlier years, too.

If the Government of Bahrain are to retain their legitimacy domestically and their credibility internationally, given what the BICI has established as the systematic nature of the serious human rights violations by Government officials, they must ensure that accountability for those violations goes right to the top. If I have one criticism of the report, it is that I feel it could have gone further, with a more precise allocation of responsibility for specific violations, stating who ordered what and when. The Government of Bahrain will, we hope, do that now.

We should make no mistake: Bahrain is at a crucial crossroads and can redeem itself in the eyes of its citizens and the international community by ensuring that, first, the rule of law and then wider democratic reforms prevail; by putting responsible officials, including those at the top of the chain of command, such as Government Ministers and senior military leaders, on trial; by engaging meaningfully with the Opposition; and by implementing the recommendations of the BICI report in good faith. Alternatively, it can bury its head in the sand and set the stage for further and more pronounced instability in the future.

Perpetuating the myth that Iran was responsible for the unrest is, in my view, not only unhelpful but dangerous. I am no apologist for the Iranian regime—I am only too well aware of the terrible human rights violations perpetuated on a daily basis on its own people and of the profoundly destabilising effects of its foreign policy—but it is important to note the report's findings in this regard. It said:

"The evidence presented to the Commission…does not establish a discernible link between specific incidents that occurred in Bahrain during February/March 2011 and the Islamic Republic of Iran."

It is critical that leaders in Bahrain take responsibility for their own failings and acknowledge legitimate grievances rather than dismissing them as nothing more than "foreign agitation".

The Bahraini King has said that he is determined to ensure that the report's insights will act as a "catalyst for positive change", and has since issued a decree to form a national commission with powers as advised in the report. However, the King still seems reluctant to face up to the enormity of the task ahead, given his carefully worded statement on receiving the report last Wednesday in which he referred to

"the unprecedented challenges faced by our authorities as they confronted relentless provocation, from hostile sources both inside and outside the country,"

and to

"instances of excessive force and of the mistreatment of persons placed under arrest."

I trust that the UK Government will, as I think the Foreign Secretary has indicated that we will, as a friend of the Bahraini Government, encourage and persuade them to do what is right in the longer term, however difficult that is in the short term, for the people of Bahrain, the region and the wider international community.

The following words from the BICI report sum up what I want to say on Bahrain:

"During the beginning of the events in Bahrain, as during the past decades, the demand was for reforms, not for regime change. This was the same in the early stages of the demonstrations and protests in Tunisia, Egypt, Syria and Yemen. But as experience shows, when demands for reforms are rebuffed, the demands become for regime change. In the end, the society becomes both polarised and radicalised. This situation leaves little room for a centre that could bring together people from all ethnic and sectarian groups and from all social and economic strata to work for reforms based on well established principles and processes of democracy, good governance and respect for internationally protected human rights."

[Ann Clwyd]

Turning briefly to Syria, as both Front-Bench spokesmen have said, it presents a more precarious and volatile situation, with catastrophe looming for Syria, the region and the international community if the Ba'athist regime under the current President, Bashar Assad, does not renounce its long-established methods of brutality and authoritarianism. At least 3,500 people, not including members of the security forces and the army, have already been killed. The Syrian Government have been violating the rights of their citizens for many years and Syria has long been a police state. Emergency rule was imposed in 1963 and has remained in effect ever since.

The abuses now being committed in Syria are extremely serious and widespread. As has been recently documented by Human Rights Watch:

"Torture of detainees is rampant. Twenty-five former detainees from Homs were among those interviewed by Human Rights Watch. They all reported being subjected to various forms of torture. Human Rights Watch has independently documented 17 deaths in custody in Homs, at least 12 of which were clearly from torture. Data collected by local activists suggest even higher figures. They say that at least 40 people detained in Homs governorate died in custody between April and August. Former detainees report security forces' use of heated metal rods to burn various parts of their bodies, the use of electric shocks, the use of stress positions for hours or even days at a time, and the use of improvised devices, such as car tyres...to force detainees into positions that make it easier to beat them on sensitive parts of the body, like the soles of the feet and head."

Human Rights Watch has stated that the systematic nature of abuses against civilians in Homs by Syrian Government forces indicate that crimes against humanity have been committed. Syrian Government officials right up to the top will have to be held accountable for these despicable crimes.

I applaud the suspension of Syria from the Arab League and the Arab League members that agreed to impose sanctions on Syria this weekend in their attempt to ramp up the pressure on the Syrian Government to comply with an Arab League peace plan, which they had supposedly accepted. The Arab League's initiatives come in the wake of sanctions imposed by the US and the EU. It is time now for the international community and particularly the UN Security Council to do more to bring the Syrian Government to their senses, to get them to end the violent crackdown immediately and to allow for the immediate deployment of monitors on the ground.

Of course, there are no easy solutions. I do not underestimate the challenge of getting the current Syrian Government to stop their brutal campaign of repression, and of avoiding civil war. Military intervention by outsiders may also be counter-productive. I fear it may now be a case of too little, too late, with the international community having done almost nothing over the years to encourage the Syrian Government to change their ways, but we cannot abdicate our responsibility now. We cannot continue to leave the many brave Syrians at the mercy of a Government who have never had any regard for them.

5.26 pm

Daniel Kawczynski (Shrewsbury and Atcham) (Con): As chairman of the all-party group on Libya, I have campaigned for many years on that country, particularly with regard to human rights there. I was invited to visit Benghazi this week by the national transitional council, but I politely declined that invitation because I am very concerned that the people of Libya have not been consulted about the sort of constitutional make-up their country should have.

If we bear in mind the 42 years of brutal tyrannical oppression that Libya went through, it is not unreasonable for the authorities to ask the people of Libya for their opinion as to how their country should be formed and what constitution they should have. The NTC has decided that there will be a presidential type of system, yet many friends of mine in Libya talk of growing public demonstrations throughout that country in support of Crown Prince Muhammad, the exiled crown prince of Libya who has lived in London since Colonel Gaddafi expelled him and his father.

I declare an interest. I have got to know Crown Prince Muhammad very well over a certain period of time. He is a close personal friend of mine. I believe him to be a man of great integrity and honour. As my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) indicated, many of the monarchies throughout the Arab world have not had the levels of instability that other Arab countries have had. The monarch is very important in this regard.

We must not forget that 30,000 people died in Libya—some estimates put the figure as high as 35,000 or 40,000—to liberate their country from the despot.

Kwasi Kwarteng: My hon. Friend raises the issue of the Libyan monarchy. How likely is it, in his opinion, that the institution of monarchy will be resurrected in Libya? He refers to his friends, but does he really think that is a plausible outcome?

Daniel Kawczynski: Only two countries in the world have gone back to having a monarchy—I am sure that my hon. Friend knows which. One is Spain, as you rightly mouthed just now, Mr Deputy Speaker, and the other is Cambodia, as my hon. Friend the Member for South Thanet (Laura Sandys) indicates.

Rory Stewart (Penrith and The Border) (Con): What about Great Britain?

Daniel Kawczynski: I meant foreign countries. Spain and Cambodia are the two I was told about. To answer my hon. Friend the Member for Spelthorne (Kwasi Kwarteng), it is not necessarily probable that the Libyan people would vote for a constitutional monarch—it is a possibility, but not a probability—but none the less they should be consulted, rather than the national transitional council stating unilaterally that there should be a presidential system.

I move on now to the trial of Saif al-Islam Gaddafi. I would never dream of defending Gaddafi or any of his family, sycophants or supporters, but I think it is very important that this man gets a fair trial. Some of the Sunday newspapers have reported that people were saying that, if he was not found guilty and hanged, they would leave the country. Our newspapers must do everything possible not to prejudice the trial, because no matter what the individual may be guilty of, it is extremely important that he is given a fair trial. I very much hope that the Libyan authorities—I make this point to the Minister—will allow International Criminal Court lawyers to be present throughout the trial.

I was glad to hear from the Foreign Secretary that the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North East Bedfordshire (Alistair Burt), has raised with Niger the importance of its acquiescing in international standards and handing over remnants of the Gaddafi regime and family members who have sought sanctuary in that country, as they have done in Algeria.

Bob Stewart: Will my hon. Friend give way?

Daniel Kawczynski: I will in a moment.

I will move on to the rendition of Libyan citizens to Libya when Gaddafi was in power. The shadow Foreign Secretary did not mention Libya once in this whole conversation, and one wonders why. Of course, I fought vehemently against the previous Government's amazing cosying up to Colonel Gaddafi. I think that they must be embarrassed about the extraordinary rapprochement that Mr Blair and his successor had with that brutal despot—so much for Robin Cook's ethical foreign policy, which was so loudly trumpeted when Labour took office in 1997. I have listened to senior Labour figures stand on the Government side of the House and say that they knew nothing about the rendition of those people to Gaddafi's Libya. I found that absolutely extraordinary. They say that the previous Labour Government knew nothing about sending those people back, ultimately to be tortured or done away with by Gaddafi, so they must be claiming that our security forces, off their own bat, unilaterally decided to engage with Libyan security forces and were responsible for sending those people to Libya without Government approval. I simply do not believe that. If it were true, I would be extremely concerned that our security forces had done such a thing. That is why I am calling for an investigation. I do not want it brushed under the carpet.

Bob Stewart: My hon. Friend has moved on from what I was going to say, which is that the International Criminal Court is responsible for trying people only when it would not be possible in their own country. I have given evidence in several ICC trials and am delighted that Saif al-Islam Gaddafi will be tried in Libya. I am happy for ICC lawyers to witness it, but they should not run it.

Daniel Kawczynski: I agree; I said merely that I hoped ICC lawyers would be able to observe the proceedings.

I have received disturbing evidence about the equipment that some of our European partners sold to the Gaddafi regime. I will not go into too many details, but it helped Colonel Gaddafi to eavesdrop on his citizens and on citizens of this country. That is something that will come out in the coming days and weeks, but I should be interested to find out from the Minister everything that was exported to Gaddafi over those 13 years and might have assisted him in oppressing his own people. Mr Blair told us that the great rapprochement and engagement in the tent in the desert were to ensure that that man gave up his weapons of mass destruction, but from recent newspaper articles we see that vast stocks of chemical weapons have been found in Libya, so Colonel Gaddafi was really just playing a game of cat and mouse with the previous Government.

I very much hope to see progress on Lockerbie now. We all know that Mr Megrahi is not solely culpable of the worst terrorist atrocity on UK soil since the second world war, so I very much hope that the Minister and the Foreign Office will do everything possible to ensure that the Libyan authorities comply fully in helping us to get to the bottom of that case—and the case of PC Yvonne Fletcher.

I turn now to Mauritania. I alluded to the fact that on a recent visit to the country, as well as meeting politicians I spent a little time standing on the coast, watching the fishermen bring in their fish. It was quite extraordinarily difficult for them to drag—literally drag—their small boats on to the sand to get their catch.

The European Union and, in particular, Spanish vessels are pillaging the waters off the coast of Mauritania, sucking out all the fish and impoverishing the lives of local fishermen. Many promises that the EU made as a result of the agreement to which I referred earlier have not been fulfilled. One was that a pier or jetty would be built near Nouakchott for the local fishermen, but that has still not been put in place, 10 years on. I raise the issue with the Minister, as I very much hope that he will use his good offices to find out what the European Union's promise of assistance was to the local fishermen, and that he will do everything he possibly can to help them.

My trip to Mauritania was the first by a British Member of Parliament since one by the Father of the House in 1960, and the Mauritanians were so amazed by this that they laid out the red carpet. I had more than two hours with the President—*[Laughter.]* My hon. Friend the Member for Beckenham (Bob Stewart) laughs but this is a serious matter, because the people there feel neglected by the United Kingdom and wish to engage far more with us. The problem is that Governments of various political colours have neglected the whole of Francophone north Africa over the decades, and that has led to a lack of engagement in terms of trade and co-operation. Luckily, I studied French—that was my degree—at university, so I could converse quite happily with the Mauritanians in French and had to translate for the rest of my delegation, but we need more engagement.

On my other visit, to Tunisia, I found when I met representatives of its chambers of commerce that only 52 British companies trade there, in contrast with 1,700 French companies—52 to 1,700. There are very similar statistics regarding Morocco. I have met Lord Green, the new Minister for Trade and Investment, who does an excellent job, but I very much hope that somebody who is a fluent French speaker will be appointed to lead a massive export drive to the Francophone countries.

Rory Stewart: Would my hon. Friend perhaps consider himself for that job?

Daniel Kawczynski: I am far too junior and inexperienced, but I am grateful for my hon. Friend's comment.

I feel passionately about Saudi Arabia. As chairman of the all-party group on Saudi Arabia, I am pleased to inform the House that next month I will lead the largest ever parliamentary delegation to the kingdom, with 16 Members of Parliament, including many Labour MPs, as well as Conservatives. I am looking forward to that trip immensely. I have been battling against extraordinary ignorance about and prejudice against Saudi Arabia for many years, and that includes ignorance and prejudice from British Members of Parliament.

Jeremy Corbyn: I am very pleased that the hon. Gentleman is going to Saudi Arabia with a substantial delegation. I hope that it will involve a substantial number of women Members of this House and that it will be able to meet women's organisations in Saudi Arabia.

Daniel Kawczynski: The hon. Gentleman will be pleased to hear that there are more women going on the trip than men, which is a specific wish of mine. *[Interruption]* No, not for that reason. We will certainly be meeting various organisations that deal with women's rights in the kingdom. I will send the hon. Gentleman a copy of the report after the visit, if he wishes.

There is tremendous anger and hostility towards Saudi Arabia in this country. On one occasion I was sitting in the Smoking Room waiting for a vote, and I asked 15 Tory MPs what their views were on Saudi Arabia, and every single one made very hostile statements about the country. That really upset me, and I did not understand it. I think we have a *Guardian*-reading liberal elite who want to denigrate Saudi Arabia at every opportunity. The BBC, with its left-wing bias and determination not to report anything positive from Saudi Arabia, also contributes to the extraordinary drip, drip effect of negative press that it gets in this country.

Of course there are huge problems in Saudi Arabia, and of course there are things that we in the United Kingdom disagree with and want changing, but there has been progress, slow though it is. It is extremely important that people like me and others who are interested in Saudi Arabia engage with the country and, specifically, with people who are trying to reform it, who are democrats, and who are passionate about making sure that it improves its human rights.

Kwasi Kwarteng: Is my hon. Friend conscious of any attempts on the part of the Saudi Government to reform, if only at their own pace, and to bring in a more liberal regime, which we all hope for?

Daniel Kawczynski: Yes, and we will be discussing that with them.

A delegation of members of the Shura Council recently visited us and spent a whole week here trying to find out how our Parliament works, how our Select Committees work, and how we hold Ministers to account. They talked to me about their desire for reform within the Shura Council and their determination that there should be elections to that body instead of its members being appointed by the King. Because they are very interested in learning from our experience of democracy, they insisted on spending the day with me in my constituency and finding out how the Member of Parliament is held to account by his constituents, how he interacts with the local council, and so on.

The Minister will know that the Foreign Secretary has described Saudi Arabia as a strategic ally of the United Kingdom and that our relations will be cemented and even further prioritised. I hope that he will confirm that.

The Prime Minister and the European Union talked about a Marshall aid package for Tunisia and Egypt following the revolutions in those countries. I have not heard much subsequently about that huge plan, which apparently involved up to €1 billion. I hope that it will be extended to Libya. I would like to hear what progress there is on that. I hope that some of the money will be used to facilitate British companies in trading with the region.

My hon. Friend the Member for North Thanet (Mr Gale) is the chairman of the all-party group on Tunisia. He cannot be here, so he asked me to raise the importance of tourism to these countries. I hope that the Minister will agree that we should encourage citizens to visit Tunisia at the earliest opportunity, because it depends so much on tourism.

I will finish by saying that on Wednesday I will be hosting a reception in the House of Commons for the fifth birthday of al-Jazeera English. It is a broadcaster of immense pedigree. I trust al-Jazeera far more than the BBC, regrettably, for impartiality and objective broadcasting. More than 160 people are coming to the event. Because of the strike, I will be pouring the tea and serving the cake myself as we cannot get any catering staff to do so. Hon. Members are very welcome to join us on the Terrace on Wednesday.

Lieutenant Colonel Chris Parker, who came to see me, said that when he was chief of staff in Basra, they were watching al-Jazeera on television and it was the only broadcaster that was broadcasting from Basra. They saw a report on al-Jazeera which said that some of the British shelling was hitting civilians in a residential area. As a result of watching that broadcast, the artillery was stopped and innocent civilian lives were saved. We have a lot to thank al-Jazeera for.

I shall leave it at that.

5.47 pm

Richard Burden (Birmingham, Northfield) (Lab): I do not know how to follow the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski), who is a west midlands colleague of mine.

I welcome this debate and in particular the way in which the Foreign Secretary opened it. Even though I have some differences with the Government on their non-vote on Palestinian recognition, as was clear from the last statement on the middle east, I have been impressed by the willingness of the Minister and the Foreign Secretary to engage on that issue and to provide regular briefings. I am sure that that is welcomed by hon. Members on both sides of the House.

There was a very interesting speech by the right hon. and learned Member for Kensington (Sir Malcolm Rifkind), which I will comment on in a minute. I am not sure that I entirely followed his analysis on Iran, but he made some telling points on a number of other areas. My right hon. Friend the Member for Cynon Valley (Ann Clwyd) made some important points that we should all heed on Bahrain and Syria.

I would like to say a few words on Syria. All of us, particularly those with a keen interest in the middle east, have been appalled by the level of repression and violence by the Assad regime. As the right hon. and learned Member for Kensington said, the Syrian people have showed incredible bravery and fortitude in standing up to that in the most appalling of circumstances. He was right—this has been said in the messages that I have been getting as well—that one of the most important things that we can do is to show the Syrian people that they are not an afterthought, but that we are with them. It is important that we help to keep their morale up. He

was absolutely right that that is one of the important points about the Arab League initiative. I hope that the sanctions bite and are effective, but my right hon. Friend the Member for Cynon Valley is correct that we need to think beyond those sanctions as well. The statement that they have made is that the situation is a concern not simply to the outside world but to the Arab world itself, and that the Arab world will not stand for what is going on in Syria.

In Egypt, as we have heard, the polls are open for a general election, which I am sure we all welcome. However, we have to bear it in mind that there are parties that are boycotting the election because of the context in which it is taking place, and that people are still in Tahrir square voicing disquiet about how those elections could turn out. If the Muslim Brotherhood wins or gets the largest single number of votes, as seems likely, it will be really important that it carries through what it has said about recognising that democracy in Egypt has to be for all shades of opinion, secular as well as Islamist. That will need to be reflected in the future constitutional settlement.

Mr Denis MacShane (Rotherham) (Lab): Will my hon. Friend comment on the case of the 26-year-old Egyptian blogger Maikel Nabil, who is now in his third month of a hunger strike? He was one of the first bloggers and the first Egyptians to say that the army and bits of the Muslim Brotherhood may be coming together. It is the army that is sending thousands of Egyptians to prison, with military courts and 93% conviction rates. That young man may die and be sacrificed as a martyr to the fact that the Egyptian army will not accept the will of the Egyptian people.

Richard Burden: My right hon. Friend draws attention to a very brave individual, who is one of many in Tahrir square and beyond. Everyone recognised when the Mubarak regime fell that there were close ties between that regime and the military. Nevertheless, the military were also seen as a national force who were not moving against the people. That is one of the tragedies about what has been happening in Egypt. The fact that things have not moved as people in Tahrir square and beyond wanted them to is a source of profound regret, and that is what is being said in Tahrir square today. I hope that not only the Muslim Brotherhood but, as he says, the military themselves take that on board in the context of the elections. The military in Egypt can be a force for national unity, but they have to change their approach from the one they have adopted in recent weeks and months.

The Muslim Brotherhood is clearly an influential force in Egypt, and in other parts of the Arab world in north Africa and the middle east. Political Islam is a potent force there, and again, the right hon. and learned Member for Kensington made an important point about that. If Members look for political symmetry between my views and those of the Muslim Brotherhood, they will have great difficulty in finding any points of contact. However, he was right to suggest that success for groups such as the Muslim Brotherhood are a disaster for groups such as al-Qaeda and the Salafist tradition of political Islam. We must bear that in mind, and it is why the Government are correct to look to open up engagement with political Islamist forces, whether in north Africa or elsewhere.

We recognise that such engagement is necessary in north Africa, for instance in Egypt and Tunisia, and perhaps—who knows?—in creating a dialogue in Jordan. As chair of the all-party group on Jordan, I welcome the visit of King Abdullah to the House the other week, which showed that there is a chance for greater engagement as Jordan continues its reform programme. That sends a clear message that involvement by the UK in the formation of political parties in Jordan is to be welcomed as it moves towards reform. I hope that the Minister will say something about what more we can do on that. However, if we see that engagement with political Islam is important in all those places, we cannot suddenly put the shutters up as a matter of principle if the country involved is Palestine, because the bit of the Muslim brotherhood involved is called Hamas rather than the Muslim Brotherhood.

At the moment, there is a chance of a different way forward in relation to Israel and Palestine. Talks have been taking place in Cairo between Mahmoud Abbas of Fatah and Khaled Mashal of Hamas about a possible reconciliation between those two parties. Anybody who knows about Palestine knows that both Hamas and Fatah, and both political Islam and secular organisations, are part of the reality of Palestinian politics. If we are to get to the stage of a two-state solution and enduring peace between Israel and the Palestinians, as I am sure the whole House wants, the peace deal has to reach out to both those traditions. It has to include political Islam as well as secular forces.

In the same way, we could not say that the only people we wanted to talk to in Israel were those who would generally be regarded as being in the peace camp. We have to recognise that the reality of Israeli politics also includes people such as Mr Lieberman, whose views are hardly the most progressive in the world—some would say that they are racist. It includes groups such as Yisrael Beiteinu and Likud. If we accept that in relation to engagement with Israel, we have to do so in relation to Palestine as well.

That gives a choice in relation to the reconciliation talks. There have been fairly clear signals coming out of those talks, as there have been from Hamas not for months but for years, about its involvement or acquiescence in a peace settlement. We would be totally foolish to ignore those signals. Yet somehow, the international community has got itself into a position of trying to put preconditions on the involvement of Hamas in talks. That was why I asked the Foreign Secretary a question about the matter earlier. In practice, those preconditions seem to have been designed not to encourage Hamas to come into peace talks but to find ways of keeping it out. Hurdles have been erected so that we can work out whether Hamas has jumped high enough, rather than our understanding what it means and responding when it offers truces and unilaterally declares hudnas. The term "hudna" has huge importance in Islam.

If we want to see peace between Israel and Palestine, a more subtle approach is important, and we cannot have that unless we are prepared to discuss matters and have dialogue. I think most diplomats would understand that dialogue and discussion do not necessarily mean the same as negotiations—negotiations can come later—but are an important start to the process by which negotiations can happen.

Jeremy Corbyn: I compliment my hon. Friend on the huge amount of work that he has done for many years on the issues facing the Palestinian people. Does he agree that there is an element of double standards here? Israel, the Quartet, the UN and the west in general all have discussions with Hamas and its representatives at times and negotiate with it, hence the release of Corporal Shalit in exchange for a large number of Palestinian prisoners. Is it not time to move on so that there are proper talks and proper recognition instead of the current rather unfortunate stand-off, which has lasted too long?

Richard Burden: My hon. Friend is absolutely right. The Shalit prisoner swap is a recent example, and there was engagement with Hamas in relation to the release of Alan Johnston, the British journalist, a while ago. It is true that there are double standards, and if there is one thing that really gets to ordinary Palestinians and people throughout the Arab world, and to an awful lot of people beyond, it is the fact that, when it comes to Israel and Palestine, we suddenly adopt a different set of standards from those that we would see as absolutely incontrovertible anywhere else. That undermines our credibility and influence in that part of the world, and it undermines the peace process rather than taking it forward.

These are not theoretical questions. We have heard, just in the past few days, that simply because Hamas and Fatah are talking together, which might lead to reconciliation, Israel has threatened to cut off water and electricity supplies to Gaza—collective punishment of an entire population because their political leaders are talking together. Now, we either say something about that or we do not. We either take a firm stand on that or we do not. I know which side of the fence I am on.

That point does not just apply to dealing with political Islam. It was not long ago that any time anyone urged dialogue or engagement with Hamas, the call came from Israel that that would be beyond the pale and was impossible because they were terrorists. However, if it was just those nice people from Fatah or the PLO, such as Abu Mazen—Mahmoud Abbas—we could deal with them. But what has been the crime that Mahmoud Abbas, Fatah and the secular organisations have committed recently? Their crime has been to go to the United Nations and say, "Just give us the same rights as you have given Israel for 63 years." From the reaction of Binyamin Netanyahu, Israel and, sadly, the United States—and, even more sadly, of some people in this Chamber—it might be thought that those organisations had somehow declared war on Israel. The approach to the United Nations was described as "a unilateral move". I cannot think of an organisation that is more multilateral than the United Nations.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I have listened carefully to the comments that my hon. Friend has made about Hamas's involvement in the peace process. Does he maintain his position in the light of a statement made by a senior Hamas leader in Gaza in October, who said,

"We are not going to accept Israel as the owner of 1 sq centimetre because it is a fabricated state"?

Richard Burden: That does not alter my view at all. My hon. Friend has illustrated precisely the point that I was making. On both sides of the debate, we can all produce quote after quote to give us an excuse not to engage in dialogue; to decide that our side is right; to decide that the other side are not worth talking to. It is Hamas now, but she may have made a few speeches a few years ago saying the same kind of thing about Yasser Arafat or about Fatah. That does not get us anywhere. It does not get me anywhere to say, because I can produce a load of quotes from someone like Lieberman—or even the Prime Minister of Israel, Mr Netanyahu—that they should be kicked out of negotiations, even if we all then pat ourselves on the back and say that we had done a good job.

If we are serious about peace, we have to contribute to peace. It is an old cliché, but it is right—peace is made not between friends, but between enemies. Unless we are prepared to try to reach out, not to our enemies, but to the enemies in the middle east and try to get them talking, what are we doing other than just acting as cheerleaders for one side or the other?

I was in Israel and Palestine last week. The situation there never loses its capacity to shock. Settlement building is continuing apace, in defiance of international law and despite having been condemned eight times in six months —or is it six times in eight months—by the Government. I know that the Minister is aware of the issue, but I ask him to pay particular regard to an area which became known as Area C in the Oslo process, which is one of the more rural areas of the west bank, and the encroachment of settlements and the dispossession of Palestinians there. When maps of the future Palestinian state are discussed, the focus is often on towns—on Ramallah, Bethlehem, Nablus and Tulkarm. All those places are important, but so too are the bits in between and the people who live there.

As we speak, Bedouin who are already refugees—in the main, they come from the Negev in what is now Israel and have been living in the west bank for decades—face forced displacement and dispossession to make way for settlements. I visited the school of Khan al Ahmar, just outside Jerusalem, which is under threat of demolition. There are two petitions going on, one to demolish the Khan al Ahmar school and one to demolish the Khan Al Ahmar community. One petition comes from the settlement just behind the area and one from the Israeli civil Administration in the west bank. That community, including the civilians—in fact, they are all civilians—and the children, face dispossession. Forced displacement of people by an occupying power is illegal under international law. We should not be scared to say that, nor to require Israel to abide by international law.

Even if those Bedouin were forcefully displaced to a palace it would be wrong. But the proposal is not to displace them to a palace. Instead, Israel proposes to displace them to a site next to Jerusalem's municipal rubbish dump. I went to that rubbish dump and I saw the pipes that allow methane to escape. I saw a tanker appear, belching sewage from its back, and I saw where the land is being levelled to put Bedouin communities within 500 metres of the dump. As far as I know, that contravenes all health and safety regulations in that area.

Israel is beginning to notice the growing international condemnation of this proposal. It is no accident that access to the rubbish dump is now being blocked off by security blocks like those seen in other parts of the west bank. They have now appeared at the entrances to the

rubbish dump—perhaps it has suddenly become a security risk. It may in fact be about stopping foreign visitors—and brave Israelis—from going there to bear witness to what is going on.

These things are wrong, and we should not be scared to say so. Settlement building is also dismantling the chances of a two-state solution before our eyes. The settlement building is not just displacing people to make way for settlers: it is increasingly severing the west bank into cantons or Bantustans that will not be viable as a state—unless we stop it. I hope that hon. Members on both sides of the House, whether we consider ourselves friends of Palestine or of Israel, will demand that that process stops.

My final point is about child prisoners. We have already mentioned the prisoner swap that rightly led to the release of Gilad Shalit and of some 500 Palestinian prisoners. The second phase of that prisoner swap will take place over the coming weeks. There are 150 Palestinian children in Israeli military detention, but so far, none of those is scheduled to be part of that prisoner swap. Several recent delegations to the west bank and Israel—organised by the Britain-Palestine all-party group, which I chair, and other organisations—have been to the Israeli military courts where those children are tried. Like other hon. Members, I had already read the testimonies about how the laws applying to Palestinian children are different from those applying to Israeli children; about how Palestinian children are tried in military courts, but Israeli children, even in the occupied territories, are tried in civilian courts; about how many Palestinian children are given bail compared with how many Israeli children are given bail. But I was not prepared for the sight in a military prison—one of the most secure compounds I have ever visited—of 14-year-old boys shuffling in wearing leg-irons and handcuffs for their court hearings. All members of the all-party parliamentary group who were on that visit made the decision that we were not prepared to shut up about this. Something had to be done. Whatever one's views on the occupation, on Israel and on the peace process, shackling 14-year-old boys is wrong. It is against the UN convention on the rights of the child and it is inhuman.

Ann Clwyd: Earlier this year, I was invited by the United Nations to a conference in Vienna on the inalienable rights of the Palestinian people. It was the first time that I could remember the UN holding a conference with such a title. There were testimonies from people that made exactly the same point as my hon. Friend. Children are quite often charged without having a responsible adult present or legal representation. The stories that we heard were very similar to those he is describing now. It is an absolute disgrace that many of these children are in prison simply for throwing stones.

Richard Burden: My right hon. Friend is absolutely right about that. The biggest number of accusations is for throwing stones. A range of human rights organisations, including Israeli human rights organisations as well as Palestinian and international ones, and the United Nations have amassed loads of evidence showing how children are visited and arrested in the middle of the night and painfully tied with a single plastic cord in violation of Israeli army procedures. The issue of how the children are interrogated and who is allowed to be present is a matter of real concern. Interrogations are not video recorded. Children continue to be denied bail in about 90% of cases, and many are detained in prisons outside the occupied territories in violation of article 76 of the fourth Geneva convention. Those things are wrong.

Even though I thought I knew a fair bit about child prisoners in Palestine, I came across something last week that astonished me even more. I spoke to some ex-detainees in Bethlehem. Most of them came from the town of Hebron or thereabouts. They recounted some of the things that my right hon. Friend has said, that I have said and that the UN has reported, but I wanted to pursue this issue of why they were shackled and had leg irons on inside a prison.

I said to the young boys, "When did they put these leg irons on you? When did they shackle you?" They replied, "Before we went into the court and before we went into the prison." I said, "You were detained, though. You were already in the prison, weren't you?" They replied, "No, we were in the other prison."

Many of those children are held not in Ofer prison, in which they are tried, but in other prisons which could be on the west bank or in Israel itself. The young man who was talking to me was held in Tilmond prison near Haifa and he said that that was where they put the shackles and leg irons on him. He wanted to talk to me about other things. He thought that his experience was quite normal. I said, "Hang on, how long were you in those leg irons and shackles before you got to the prison?" I thought that it would have taken one to two hours to drive to Ofer prison, but he said, "About nine hours."

At that stage, I thought that I was getting some exaggeration because it is nothing like a nine-hour drive between Haifa and Ofer prison, which is between Jerusalem and Tel Aviv. He said, "No, we don't go straight there. We get picked up at about 1 o'clock in the morning and the prison transport takes us down to the Negev where we pick up some more from a prison there. It then takes us back to Ramleh where we have a break for the driver and then we go on to Ofer prison. It takes about eight or nine hours."

I asked the young boy whether he was shackled the whole time. He said, "Yes." Other young men around the room nodded in agreement and said that that had happened to them as well. I asked the young boy where they were being held. He said, "We were in this kind of prison bus which had rooms in." I assumed that it was like prison transport with compartments. He said, "It was a bit overcrowded, but we just had to stay there with our shackles and leg irons." I asked, "What happened if you wanted to go to the toilet?" He replied, "We just had to do it where we were." This is the 21st century. Irrespective of our views on the Israel-Palestine conflict, are we honestly saying that those sorts of things should go on?

I know that the Minister and the Government are concerned about this matter. I welcome the work that both our ambassador in Tel Aviv and our consular-general in east Jerusalem have been doing to raise awareness of these and many other issues. There is another inquiry going on at the moment into the condition of child prisoners. This is an issue that must not go away because it is shocking to me and shocking to anyone who sees it. It is against the UN convention on the rights of the child and it is inhuman.

[Richard Burden]

I have been raising these matters over a period of time —perhaps I have been a bit of a bore on the matter— but it is only in the past few days and weeks that we have seen a change in profile and a number of achievements. Israel has equalised the age at which a child is classified an adult—from 16 to 18. The age is now equal between Israelis and Palestinians, which is good. It would not have happened had it not been for the pressure that has been building up. The number of Palestinian children in Israeli jails is now 150; it was 164 a few weeks ago, so I think the Israelis are susceptible to pressure.

What is incredible is that there has been a campaign of hate, misrepresentation and libel against me and others for having dared to raise this issue. To some extent that goes with the territory, and I am not in the firing line; I am a British MP. I can speak in this place. It is easy for me to do so and it is my responsibility to do so. None the less, there are people for whom we do need to raise our voices. I am talking not just about the Palestinian children but the people who are prepared to speak out both in Palestine and in Israel. I am talking about those who are members of groups such as Peace Now, B'Tselem, Yesh Din, Physicians for Human Rights and Breaking the Silence; the brave soldiers who have seen the conflict first hand and have said that things must change. They are prepared to say that the kind of stuff that Israel and Netanyahu put out in the outside world does not reflect the reality on the ground and that there has to be a different way. Those people are the best of Israel.

Very often the Israeli Government and lobbyists for Israel talk about the danger of the de-legitimisation of Israel. Even members of those groups, Israeli Jews, are accused of de-legitimising Israel because they speak out on what is going on. In fact, those groups are protecting Israel's legitimacy and democracy and they need our support now because laws are being put through the Knessset that will gag them. Any organisation that the Israeli state regards as political will be outlawed from getting foreign funding of over 20,000 Israeli shekels—about £6,000. All the evidence points to the fact that the ones that will be regarded as political will be the human rights organisations. It will not affect the settler groups that get millions from the United States and elsewhere; it will affect the human rights organisations. Legislation is also being passed that is doing strange things to Israel's libel laws that will try to gag people from speaking out. There are even laws being passed about how judges and justices are chosen that will restrict the ability of such groups to petition the courts in Israel. Those groups need our support. Our ambassador has been forthright on this matter and I commend him for that.

My appeal is not just to people who agree with me on Palestine but to those who regard themselves as friends of Israel. Are they simply friends of whatever the Israeli Government happen to do or say at the time, or are they friends of Israel, of Israeli democracy, of dissent in Israel as well as of the establishment of Israel? If they are, I hope that they will join me and people throughout the world in standing up for Israeli democracy. B'Tselem and other organisations are bravely saying, "We will not be silenced." We should not allow them to be silenced either.

6.19 pm

Martin Horwood (Cheltenham) (LD): It is a pleasure to follow the hon. Member for Birmingham, Northfield (Richard Burden). It was certainly fascinating to hear his powerful personal testimony of the military courts in Israel and Palestine. I had the opportunity to see the courts earlier this year, and one of the most disturbing things is that although, in a sense, it is a testimony to the openness of Israeli society that he and I could see them in practice, the same crimes committed in the same places by Israeli youngsters were tried in civilian courts with all the rights and protections that that implied. He is right to praise Israeli and Palestinian voices that have been raised in opposition to that system.

I welcome the Foreign Secretary's broad opening remarks. They provided an informative tour of parts of three continents and numerous societies and conflicts. I do not know whether it is fair to say that some of these parliamentary debates are getting a little broad in their scope. This one encompasses, among many other things, the enormously hopeful transition to democracy in many countries following the Arab spring, the intractable problems of the Arab-Israeli dispute, the dislocation and war in the horn of Africa and the troubling situation in Iran.

Common themes are emerging, however. The first theme that I would identify is a hopeful one: the increasing role of regional organisations in many of these conflicts and policy areas. There was the recent positive initiative by the Gulf Co-operation Council in Yemen leading to what we hope will be the beginning of a resolution of the problems there; there is the very positive role being played in Somalia by the African Union; and there is the historic new-found confidence of the Arab League in tackling human rights issues first in Libya and now in Syria. Some of the Foreign Secretary's Conservative colleagues might be sceptical of, and worry about, these regional groupings taking on a political role rather than a purely economic one, but I think that some of these disputes are proving the value of regional co-operation and regional groupings.

Rather surprisingly, a second theme appears to be the role of monarchy, which was eloquently expressed by the right hon. and learned Member for Kensington (Sir Malcolm Rifkind) and then put slightly more eccentrically—I hope that he will forgive me for saying that while he is not in his place—by the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski). I would say to him that the history of monarchy—even restored monarchies—in places such as France and Greece has not been entirely trouble free, and that the history of middle eastern monarchy is not entirely safe and reliable either. He could look to Iran and Libya for examples of where the path of monarchy did not run entirely smoothly. European history shows that it is common for populations to have considerable respect for the magic of monarchy for quite a long time and always to blame the advisers and Governments, but eventually many monarchs run out of bad advisers to blame and sometimes lose their heads in subsequent phases of popular discontent.

The third common theme, rightly highlighted by the hon. Member for Birmingham, Northfield, is the potential for a new, democratic and peaceful brand of political Islam. The Muslim Brotherhood is a complicated network of organisations operating in different countries but it

has been overwhelmingly peaceful in most parts of the middle east. If it looks to countries such as Turkey and Indonesia for examples of how political Islam can play its part in a completely democratic process—and one that is tolerant of other political traditions in the same society—it will find a very different vision of political Islam from that of violent Salafism or the Iranian-inspired political extremism that we see at work in the region. It would be a terrible mistake to lump those together and to be too afraid of the role of political Islam in these regions.

It is a positive sign that the first democratic elections in Egypt commenced today, although even the operation of those elections has exposed the tensions between the continuing role of the military in Egyptian society and the instincts of the democratic activists in Tahrir square and throughout Egyptian society. Although it is a positive thing that those elections are taking place, we must make it clear to the Egyptian Governments who follow the elections that in due course those tensions must be resolved in favour of democracy, and that the military must learn, as they have done in many parts of Europe and the world, that to be truly patriotic they have to step back from political power and cannot expect immunity for past crimes.

The Amnesty International report from 22 November reinforces the fears of some of the protesters. It talks about military courts still trying protesters, about crackdowns on peaceful protest and about the remit of Mubarak's emergency law being, if anything, extended in recent months. Those are very worrying tendencies, and I know that the Government are expressing their concerns and fears to the Egyptian Government. It is a positive thing that the military council has apologised and that there has been talk of investigations, amnesties and compensation—that is all welcome—but the fundamental necessity is for a clear shift towards a transparently civilian authority in Egypt.

Bob Stewart: I totally accept the hon. Gentleman's point but my simple worry is that if the military were not there—I am not trying to support them—we might have a much worse situation. We have to be careful. The Egyptians have to decide exactly what they want, and we cannot say to them, "This is what should happen." It is their business, not ours.

Martin Horwood: The hon. Gentleman is right, but certain fundamental principles ought to inform transitions to democratic government if they are to succeed, and two of those must be that the military step back from the exercise of political power and that they should not expect immunity from investigation of past involvement in human rights abuses. Successful transitions to democracy have always had those characteristics, and the Egyptians must learn from that. I welcome the Foreign Secretary and the Government's strong line in that respect.

Libya presents different challenges. We must be grateful for the role that British and international armed forces played in that conflict but equally we must welcome the move to a post-military phase and congratulate the Government on reopening the British embassy on 17 October. As hon. Members have pointed out, the treatment of Saif al-Islam Gaddafi will be a test case: his capture provides the opportunity for the new Libyan regime to illustrate its respect for the rule of law and the rights even of despised opponents in a way that was not apparent in the treatment of Gaddafi senior.

I would like the Minister to comment on a security matter that the Foreign Secretary did not really mention: the reports that large amounts of military matériel are going missing in Libya. It is rumoured that some of it is finding its way into the hands of violent Islamic extremists, whether those with Salafist tendencies or even al-Qaeda members. I would be interested to hear whether the Government consider these accounts credible and, if so, whether they are taking action to counteract the problem.

In Syria, we have a different situation again. As the right hon. and learned Member for Kensington rightly said, we have to give the greatest credit to the Syrian people themselves for maintaining the uprising for eight months against the most brutal repression. It is an example of extraordinary courage and determination that should inspire people all over the world to rise up against tyranny. However, credit is also due to the Arab League, the regional grouping, first for expressing strong diplomatic disapproval and exerting pressure, then for suspending Syria from membership and, finally, for now imposing sanctions. Such a determined response by the Arab League and neighbouring Governments such as Turkey is a positive development in the history of the Arab League, which has not always been the most robust of organisations on such issues. However, it is now taking a proactive and positive role in the region, and towards Syria in particular.

I think that those in the Arab League see—I hope we see it too—that those developments may avoid the necessity for foreign intervention, which is not something that I have heard anyone in the Syrian opposition call for. Although we might see continued violent conflict in Syria—I think we will, in fact, see it—if a robust approach is taken, we might also see a resolution that does not involve even worse complications, arising from foreign intervention, because there are unfortunate precedents. In terms of geography and political, ethnic and tribal tensions, Syria is rather more like Iraq than Libya, which, in a way, was a rather simple country to intervene in. Libya is reasonably homogenous, its population basically live on one coastal strip and it is close to lots of NATO countries. Intervention in Syria would be a much more complicated and messy affair. We should try to avoid that possibility at all costs.

However, it is rather disappointing that some other international voices have not really joined us in trying to support the Syrian people. It is interesting to note the movement by China, but Russia's position is completely indefensible. The opportunity for Russia to use its influence with the Assad regime for good is being completely lost. The recent comment by a Russian Foreign Ministry spokesman—that what was needed was

"not sanctions, not pressure, but internal Syrian dialogue"—

was, frankly, completely incredibly. That approach risks Russia's credibility, not just in Europe and the international arena, but specifically in the middle east. I hope that Russia will see that its position is neither credible nor in Russia's long-term interests, and will instead join the growing international movement for effective international pressure.

The situation in Iran, not far from Syria, is rather more worrying—like other hon. Members, I deeply regret the expulsion of the UK ambassador. Again, this is an area where international co-operation could have proved effective. After all, the International Atomic Energy Agency includes China and Russia, so in a sense

[Martin Horwood]

they are taking part in the pressure being exerted on the Iranian regime. The IAEA has clearly and unambiguously exposed credible evidence of the Iranian regime's military ambitions when it comes to nuclear weapons. It is possible to understand Israel's anxiety in that respect. To Israel, this development poses a real and present threat to its national security. However, I hope that we will join other members of the international community in expressing to Israel the clear belief that military intervention would inflame the entire region and critically undermine the chances of liberal opposition or a popular uprising in Iran, solidifying support for the regime. The role of the international community must be to provide robust and effective pressure—I welcome the increased sanctions regime at the end of this month. However, we must try to pursue that as a means of avoiding the possibility that any country in the region feels it is necessary to intervene militarily.

We have to accept that the Israeli people's anxieties are quite real. It is not just the Iranian situation that seems to pose a threat to many people in Israel, but in some respects the Arab spring too. However, I nevertheless welcome the Government's position, which is that Palestine now largely fulfils the criteria for UN membership, including statehood. I rather regret that this has not translated into a promise of a positive vote in favour of Palestinian statehood and membership of the United Nations; nevertheless, the tone of the Foreign Secretary's remarks and those of Ministers has been absolutely right in that respect. It is right to call on Israel to realise that the only way to avoid unilateral initiatives is multilateral negotiation without preconditions. Israel needs to do that, not least to strengthen the hand of moderate, peaceful Palestinian political opinion, because the path of conflict and confrontation will only reinforce the position of the more extreme factions, if that diplomatic and peaceful process seems completely hopeless to ordinary Palestinians.

Moving around the world, let me turn to Somalia, where there are some quite positive things to highlight. I look forward to the London conference in February. The Foreign Secretary was right to highlight the need for more effective international strategies and pressure. Nevertheless, there is already some positive development to report. The courage of African Union troops and the positive role that the African Union is playing in the country are quite important. The fact that the Secretary of State for International Development was able to visit Mogadishu this summer is quite an extraordinary development. It was a very positive statement for him to make. It might not quite compare with the courage of African Union and Somali troops in trying to promote democracy or national security in that country, but it was a courageous act by a western politician, and we ought to pay him credit for that. There is a fear among Somali civil society that rather more money comes in from foreign countries in the form of ransoms than in the form of development aid. It is therefore positive that the British Government have made a visible commitment to work in Somali society and in Somali civil society, in particular, to promote development.

When we are dealing with piracy, it is quite important that such development should take place, because it is important—if I may misquote Tony Blair—not just to tackle piracy, but to tackle the causes of piracy. We do not just need police actions against ships and aggressive actions in the sea; we need to tackle, for instance, illegal fishing and the dumping of toxic waste, which are ruining traditional livelihoods and are also among the factors that sometimes drive people to seek such extreme forms of raising money. Wherever possible, we need to invest in infrastructure, such as fishing facilities and so on, to try and start the long, hard process of normalisation in that country. We need to involve Somali civil society in that, and not just in what is technically Somalia, but in those regions that are, in effect, proving autonomous, such as Somaliland and Puntland.

I commend to Ministers the experience of Saferworld and the role that it has played in DFID-funded projects both in Somalia proper and in Somaliland and Puntland. Its experience of trying to put together a positive framework for development in those parts of the world is extremely welcome. Indeed, it is also in line with the Government's stated policy in BSOS—"Building Stability Overseas Strategy"—which talks about upstream prevention of conflict. In the case of Somalia, it is not so much upstream prevention as an upstream solution while the river is in full flood. We should not take the analogy too far—*[Interruption.]* Yes, we do not want anybody drowned in the process, but clearly we need to tackle the root causes of conflict, as well as the symptoms.

We see a regrettable deterioration of the situation in Sudan. Briefly, let me say that the Foreign Secretary's instincts are exactly right in that respect too. We need to watch the situation extremely carefully and urge all parties, in both Governments—the Sudanese Government and the new South Sudan Government—to recognise the importance of trying to resolve their differences peacefully, if at all possible, and to allow the maximum amount of international support in so doing.

In Yemen we see more positive developments. We have the President's signature on 23 November and the appointment of an opposition politician, Mohammed Basindawa, to the role of Prime Minister, which are encouraging developments. Clearly we are not out of the woods yet in Yemen, but what has happened is a positive step.

Last but not least, I would like to deal briefly with the situation in Bahrain, and I strongly welcome the Foreign Secretary's remarks on the country. I listened with interest to the remarks of the right hon. Member for Cynon Valley (Ann Clwyd), who has long been an independent and forthright commentator on international affairs regardless of who happens to be in government at the time. In a way, however, I think she got the tone slightly wrong on the independent committee of inquiry whose report has just been published in Bahrain. She rightly said that it demonstrates comprehensive evidence of widespread and serious abuse of human rights, certainly implicating the security forces, and that this is part of a deep-seated process in the state of Bahrain. The fact that the report has been published at all, however, is a very positive development that we must try to hold on to. The fact that it was robust and that it did not pull any punches is quite a testament to the potential for openness and accountability in Bahrain.

We know from our own experience in this country that it took us decades to accept the role of our military in even very limited and isolated examples of the abuse of military power in Northern Ireland and later in Iraq, for example. These were not systematic, but very isolated cases of discreditable actions—not typical of the British

armed forces as a whole—yet these were painful incidents for us to talk about and admit. Bahrain, however, has moved very quickly to a position in which it is openly discussing comprehensive and systematic human rights abuse by its own security forces, which is something to be praised.

Laura Sandys (South Thanet) (Con): I believe that the timely publication and the ability for people to see the transparency will be important steps in the reconciliation between the Sunni and the Shi'a in Bahrain. Does the hon. Gentleman agree?

Martin Horwood: Yes, I certainly agree with that. What the report has highlighted about the Shi'a is particularly important. It showed that the idea that Iran was stirring up trouble and was behind the Shi'a elements in the protests was not backed up by any real evidence. That was another honest and important conclusion from the report.

The test is, of course, what happens next. As Amnesty International has said, it is the "speed, extent and seriousness" of the Government's response that is the real test in this case. The right hon. Member for Cynon Valley rightly highlighted the case of medical workers who are still in custody of one kind or another, which is simply not acceptable. The Bahraini Government should tackle that issue as a matter of absolute priority.

I am sure that Her Majesty's Government will enthusiastically support that kind of robust response to the report by the Bahraini Government, and I think they should also seek to reassure any nervous neighbours of Bahrain that as the "Building Stability Overseas Strategy" rightly points out, we are now looking at a new philosophy of security for countries such as Bahrain and others around the world, whereby security does not come from repression and control, but ultimately and in the long term from societies that are capable of peaceful change, in which human rights and the rule of law are respected. From Somalia to Syria, from Mauritania to Iran, that commitment to peaceful change, human rights and the rule of law ought to be—and, I hope, will be—the hallmarks of British foreign policy.

6.43 pm

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I certainly hope that the aspirations of the people of the region that have been raised by the Arab spring are realised and that the lives of people throughout that region, and, indeed, beyond it, are improved. It is significant to note that before the Arab spring took place, there was very little, if any, coverage in the national media of the atrocities and lack of democracy that were a reality in those countries. Indeed, the United Nations Commission on Human Rights failed to condemn what was happening in those countries, which perhaps places a big question mark over the efficiency of the United Nations Human Rights Committee.

This is a wide-ranging debate, and I would like to comment on a number of areas. First, the Foreign Secretary mentioned the situation in Yemen. I know that the commitments made by the President to take action to bring democracy to the country are doubted by many people. I hope that the British Government will do all they can to ensure that the promises materialise and that the current regime will be replaced by a democratic one that reflects the interests of the people of Yemen.

Iran—not, of course, an Arab country—has been mentioned as an important player a number of times in this debate. I urge our Government to look at the plight of the Baha'i people in Iran and to note the continued persecution and new wave of arrests of the Baha'i minority. It is wrong that what is happening to that minority group is ignored by far too much of the world. I ask Ministers to make a statement about what they going to do to try to ensure that the Baha'i people are not intimidated or persecuted as they are now.

I shall also comment on the Palestinian-Israeli dispute and how I hope matters might be pressed so that justice can be achieved. The context of everything I want to say is that I firmly believe that the only way in which justice can be brought both to Palestinians and Israelis is to have two states of Israel and Palestine with negotiated borders, with an agreed settlement on refugees and an agreed sharing of Jerusalem. These objectives are not as far away as many people may believe. Indeed, a number of significant negotiations have come very close indeed to finding resolutions to those difficult issues. As I say, those issues will be resolved only by detailed negotiations between the parties concerned. It is right that the Quartet and others try to assist the negotiations, but a lasting solution can be brought about only by agreement between those two main parties. Calls for boycotts, sanctions and disinvestment will not bring peace and will not bring security. Direct negotiations are the only way.

It is a common call for there to be an end of the occupation to resolve this dispute. Indeed, I am opposed to occupation—the occupation of one people by another has to be bad both for the occupied as well as the occupiers—but too often ignored in debates on this issue is the fact that Israel has withdrawn from lands it occupied in its defensive war in 1967, when its existence was threatened by the armies of Arab states around it. Israel has withdrawn from territories it occupied, in response to offers of peace. Perhaps the best example was in 1979, when Israel withdrew from the whole of Sinai as part of a negotiated agreement with Egypt. Until now—and, we hope, in the future, although sadly there seems to be a question mark over this—there has been peace between Egypt and Israel. It has often been described as a cold peace, but it is nevertheless a peace. In 1994, Israel reached agreement with Jordan, which has also continued. Israel has withdrawn from territories occupied when threats were made to its very existence and peace has resulted from it. It is also the case that Israel has withdrawn from other territories it occupied as a result of attacks, but peace has not been the result.

Kwasi Kwarteng: Given what is happening in Egypt at the moment, what is the hon. Lady's sense of the Israeli position regarding the peace treaty and what might happen in Egypt? Given her extensive knowledge, will she inform us of her opinion on this issue?

Mrs Ellman: I thank the hon. Gentleman for his comments. I understand that Israel fervently wishes to maintain its peace treaty with Egypt. However, it is concerned about statements that have been made by the Muslim Brotherhood in Egypt which suggest that it would like to review or, indeed, drop the treaty. Israel wishes to maintain it, and I hope that that can be achieved.

Israel has withdrawn from territories that it has occupied as a result of attacks on it, and the consequence of that withdrawal has not been peace. In 2000, Israel correctly

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withdrew completely from south Lebanon. The consequence of that was the occupation of the area by the Iran-backed Hezbollah, followed by attacks on Israeli citizens. Although it was a correct withdrawal from occupied territory, it did not lead to peace.

More recently, in 2005, the Israelis correctly withdraw all their 8,000 settlers and military personnel from Gaza. As we all know only too well, the result of that was not peace but the election of Hamas—refusing to recognise Israel's existence—and the firing of thousands of rockets and other missiles on Israeli civilians in Sderot, Be'er Sheva, Ashkelon and Ashdod. The withdrawal of the Israelis from Gaza, which I fully support, did not lead to peace.

People talk as though withdrawal and the end of occupation inevitably lead to peace. I stress again that I am against occupation, but in those two instances at least, when Israel has withdrawn from lands that it has occupied as a result of attacks on it, peace has not been automatic. Moreover, when people advocate the withdrawal of Israelis from occupied lands, it is not always clear exactly which occupied lands they are talking about. Are they talking about 1967 or about 1948? Here in London a few months ago, on al-Quds day, it was evident what was meant by many of the campaigners against Israel's policies and against Israel itself. One illustration of that was a big placard held up by a young child, bearing the unfortunate words "For world peace, Israel must be destroyed". That is hardly conducive to efforts to find a solution.

I also note that the Palestine Solidarity Campaign's logo features a map that does not depict Israel as existing at all. When I hear calls from that organisation for Israel to end its occupation, I question what it really means. Is it talking about a negotiated solution to the problem of land that is occupied as a result of attacks on Israel in 1967, or is it talking about there being no Israel at all? We must know what people mean, in what context they are speaking and where they are coming from if we are to assess the validity of the criticisms that they are making at any given time.

Martin Horwood: I understand the genuine anxieties that the hon. Lady is voicing. However, she must accept that Fatah and the Palestinian Authority have made it clear that they are talking about negotiation more or less on the 1967 borders, and that anything beyond the 1967 borders of Palestine must therefore be Israel. That is an implicit, if not explicit, recognition of Israel's absolute right to exist. By responding so aggressively to the peaceful and diplomatic approach to the United Nations made by the Fatah administration—by responding with extended settlements and threats to the economic and financial viability of the Palestinian Authority—Israel is surely playing into the hands of the very extremists, bomb-makers and rocket-makers to whom the hon. Lady is referring.

Mrs Ellman: I acknowledge that the Palestinian Authority has played a constructive role in the attempt to make progress. That is clear from the way in which it has worked with the Quartet and others on the west bank, the dramatic increase in prosperity there, and the way in which—again, working with the Quartet—it has developed its security forces and the civil administration. That could easily and quickly make Palestine into a viable and successful country, if only the political negotiations could make progress. I also think it important for the Palestinian Authority to recognise that the solution lies in urgent negotiations rather than declarations at the United Nations which, in practice, will not solve any of the practical and difficult problems that need to be addressed. The Palestinian Authority should be urged to return to those negotiations.

Richard Burden: I know that my hon. Friend is not happy about the reference to the United Nations—she and I disagree about that—but may I invite her to answer the question that was put by the hon. Member for Cheltenham (Martin Horwood)? Irrespective of whether she feels, or Israel feels, that it is a good idea for the Palestinians to go to the United Nations, does she think that it helps the peace process for Israel to respond by continuing and accelerating its settlement building, and by cutting off tax revenues that are owed to the Palestinian Authority but are being held by Israel?

Mrs Ellman: I do not think that those activities are helpful to the quest for peace. I think that the only way in which progress can be made is for the Palestinian Authority to be urged to return to the negotiating table. It is a great shame that when it stopped negotiating and said that it wanted a settlement freeze—I considered that to be a reasonable request, and indeed there was a settlement freeze—the Palestinians did not return to the negotiating table.

It is important to recognise that the role and the views of Hamas do matter. Quotations from Hamas are important, because they reflect the reality. Hamas still does not recognise the validity of the existence of the state of Israel. I am not talking about an argument about borders; it does not recognise the validity of the state of Israel. That is shown clearly in its charter, which states that it is its religious duty to have an Islamic state over the whole of the area in which Israel now exists. That has nothing to do with 1967 borders.

The charter also refers to Jews—not Israelis—running the world and controlling the media, and contains other diatribes against Jews, not just Israelis. As I mentioned earlier, Hamas leaders in Gaza have recently stated

"we are not going to accept Israel as the owner of one square centimeter because it is a fabricated state."

Those are not just words while Hamas's rockets continue to rain down on Israeli citizens. If it changes its position, we shall be in a different situation, and I certainly agree that a different approach must be taken. However, no one who believes that Israel's existence should be guaranteed can accept that it should negotiate about its existence. Yes, it should negotiate about boundaries since 1967, but it should not be called on to negotiate about its existence. Unless the person requesting that is one of the people whom I mentioned earlier, who by "occupied lands" is really referring to Israel's existence, it is land since 1948.

Bob Stewart: As a delegate of the International Committee of the Red Cross, my wife used to have to deal with Hamas daily in south Lebanon when she was the delegate in Tyre. Would it not be in all our interests for huge efforts to be made—I am sure that some efforts are already being made—to persuade Hamas to change

its position with regard to Israel and its right to exist, so that we could proceed to negotiation? It is clear that Israel must exist in future. It is equally clear that its borders must be secure—that is part of the process—but I agree that Hamas's present position is a really big stumbling block.

Mrs Ellman: It would be highly desirable for Hamas to change its position. Indeed, it is essential that it does so in order to enable proper negotiations to proceed on the basis of there being two states.

Martin Horwood: Is there not an instructive example from our own country, however, in the way in which we drew Sinn Fein and the IRA into the process of negotiation and eventually a settlement even while there was still some violence going on, and even while those organisations were still committed to the abolition of the Province of Northern Ireland and to its incorporation into the Irish state? That political issue was resolved only at the very end of the negotiations, with the signing of the Good Friday agreement. Does the hon. Lady not agree that we should be trying to draw Hamas into the democratic process and the negotiating process, and not setting preconditions that even we ourselves did not set in our own peace process?

Mrs Ellman: I thank the hon. Gentleman for his comments. Sinn Fein only became part of the peace process—indeed, it did not become part of it directly—when it changed its position in respect of recognition, and I also do not recall that it had a theological basis of hatred for the British state.

Martin Horwood: I am sure the hon. Lady will remember that the mantra during the Northern Ireland peace process was that nothing was agreed until everything was agreed. The final commitments only came right at the end of the process.

Mrs Ellman: The whole process brought about changes, but there was acceptance only when Sinn Fein changed its position, and I repeat that I am not aware of its having had a theological determination to eliminate the existence of the British state. Hamas not only has a theological determination to eliminate the state of Israel, but is acting on that by sending its rockets over.

Richard Burden: I think I might differ with my hon. Friend on her history of what happened in relation to Northern Ireland, but may I put two questions to her? First, does she accept that, although some things such as the Hamas charter remain as they were and the phrases she quotes are no doubt genuine, there have also been indications coming out of Hamas that, while it may not recognise the state of Israel, it could live with living alongside the state of Israel? Is she aware of that shift, and does she think we should explore and encourage it and see where it can go? Secondly, I agree with her that Israel should not have to negotiate its own existence, but what does she think it sounds like to a Palestinian when she and others say a Palestinian state can only come about through negotiation?

Mrs Ellman: I thank my hon. Friend for his comments. The state of Israel came about because it was internationally recognised—*[Interruption.]* Following a number of commissions looking into the question of whether there should be a state of Israel, the UN put forward specific boundaries following the work of a special committee that had considered that matter over a number of years, and supported that. That was accepted by the state of Israel, but it was not accepted by the Arab states, which then invaded Israel. That was the origin of how the state of Israel came into existence.

I am aware that from time to time some elements of Hamas are said to have made statements to the effect that they would be prepared to live with Israel, but I cannot think that any state would take that seriously when at the same time much more senior people consistently state they wish to see the end of Israel and, indeed, start to act to do so by sending their rockets, directed at Israeli civilians. We must also bear it in mind that Hamas is not acting alone, but is backed by Iran in respect of training and arms—and Iran is, of course, repeatedly threatening the annihilation of Israel. I therefore think Israel has every right to treat Hamas very sceptically indeed, unless there is an explicit and profound change in its position.

David Mowat (Warrington South) (Con): I was particularly interested in the hon. Lady's recent comments about how Israel came into existence, pursuant to a United Nations commission which set out the boundaries and established how things would work. Would she accept a similar result from a UN commission now on the establishment of a Palestinian state?

Mrs Ellman: The state of Israel exists, and has every right to exist. Indeed, I know of no other country in the world in respect of which when its future is discussed questions are raised about the existence of the state itself. I agree that the state of Palestine, which does not exist at present, ought to be set up, but it can only be set up side by side with Israel on the basis of detailed negotiations about borders, refugees and Jerusalem.

Discussions have taken place, following past negotiations which ultimately failed, about the issue of Palestinian refugees. The solution to that problem can only come about by agreement between the parties, and on the basis that Palestinian refugees are to be able to return to a Palestinian state and, by agreement, to Israel and in agreed numbers, with compensation to be offered. I note that the critics of Israel often talk about the right of return of all Palestinian refugees to Israel, rather than to Palestine. That, of course, is simply code for the destruction of the state of Israel, but that distinction is seldom recognised.

There is a lack of balance in discussions on this issue. I am, for instance, increasingly concerned about the attempts to demonise and delegitimise the state of Israel. The term "Zionism" is now used as a term of abuse, which is wholly unacceptable. Zionism is the national movement of the Jewish people for a homeland in the state of Israel. Like all national movements, it contains a range of individuals and parties with very different views. Zionism is not a term of abuse, and when it is used as such, that illustrates the demonisation of the state of Israel itself.

Kwasi Kwarteng: The hon. Lady mentions Zionism in the context of the creation of the state of Israel, but does she recognise that that term does not quite mean support for the state of Israel in today's political context?

Mrs Ellman: The term Zionism means what it has always meant: a Jewish national movement for a Jewish national home in the state of Israel. It is Israel's detractors who have perverted the meaning of the term Zionism and made it a term of abuse, in an attempt to delegitimise the very existence of the state.

Mike Gapes: I was going to comment on Hamas, but I think that has been dealt with by others. I can, however, confirm the point my hon. Friend makes about Zionism. I am not Jewish, but I have been denounced and vilified as "that Zionist MP" by various people simply on the basis that I support the two states position. That tactic is certainly used by some organisations and some activists in certain extremist groups as a way to try to change the narrative in British politics. It is very important that all of us who believe in the right of the state of Israel to exist alongside a Palestinian state make it very clear to these people in the various campaigns that it is unacceptable to use the term Zionist as a term of abuse. It is used as such against both Jewish people and non-Jews.

Mrs Ellman: I thank my hon. Friend for his comments and agree with what he said.

I am also increasingly concerned about the loose use of language, which is leading to a creeping anti-Semitism in this country and elsewhere, causing increasing concern among the Jewish community. I was extremely concerned to see on the website of the Liverpool Friends of Palestine a cartoon—this was viewed on 9 September—headed "The power of Zionists". It depicts a stereotypical Jewish man—a man with a large hook nose holding a Jewish emblem in his hand—pointing to an American soldier under the heading, "Join the United States army" and at the bottom it says "and fight for Israel". That cartoon could have come out of Nazi literature, given the depiction and the heading "The power of Zionists". I was appalled to see that and although it has now been removed from the Liverpool Friends of Palestine website, I must ask how it came to be there and what kind of thought was behind it. I gather that it is not a solitary example of what is happening on websites of similar groups.

Some years ago, the *New Statesman* had a front cover with the big headline "A Kosher Conspiracy?" Underneath that headline was a cartoon depiction of a Jewish symbol—an Israeli Magen David—piercing the British Union Jack, among other things, thus raising the old anti-Semitic allegation that Jewish people are not sincere citizens of their country. After considerable controversy, and some weeks later, the editor said that he had no understanding of what he was doing when that was published, that he did not mean it to be done in the way it was done and that he did not know it was reminiscent of Nazi literature and old stereotypes, and he apologised for it. That occurred some years ago, but this loose language is now going rather further.

I read with increasing concern an article by Deborah Orr in *The Guardian* on 19 October about the release of the Israeli soldier Gilad Shalit from his captivity with Hamas. After long, hard bargaining, the Israeli Government eventually decided that the only way they could secure his release was by accepting the proposed deal from Hamas that more than 1,000 Palestinian prisoners should be released. The fact that the Israeli Government accepted that has been controversial in Israel for a lot of reasons, including the fact that among those 1,000 Palestinian prisoners released in exchange were extremely serious terrorists and murderers, including those who sent the bombs to the young people in the pizza parlours of Jerusalem and to the old people at the Passover service at the Park hotel in Netanya, and those responsible for many other atrocities. The Israeli Government felt that they should strike that deal because they felt that realistically it was the only way in which Gilad Shalit would be released.

I was appalled when I read Deborah Orr's article in *The Guardian*, which was entitled "Is an Israeli life really more important than a Palestinian's?" When talking about the background to the situation, she said:

"At the same time...there is something abject in their"—

the Israelis'—

"eagerness to accept a transfer that tacitly acknowledges what so many Zionists believe—that the lives of the chosen are of hugely greater consequence than those of their unfortunate neighbours."

That is basic anti-Semitism.

I am sure that Deborah Orr is not anti-Semitic, and indeed, she later published an apology of sorts, in which she stated:

"Last week, I upset a lot of people by suggesting Zionists saw themselves as 'chosen'. My words were badly chosen and poorly used, and I'm sorry for it."

Deborah Orr did say that, but just as I was concerned a number of years ago when the *New Statesman* felt that it was perfectly in order to have the sort of front page it had—one headlined "A Kosher Conspiracy?" and questioning Jewish people's loyalty to their country, the United Kingdom—I am concerned that Deborah Orr, not an anti-Semite, thought it was all right to write about Zionists in terms of the word "chosen" in that derogatory manner, when the Israeli Government had done all they could do to secure the release of a soldier. The conditions came from Hamas, not from the Israelis. These are all great warning signs that loose language is now causing more anti-Semitism to be around and to cause disquiet within British society.

Kwasi Kwarteng: The hon. Lady has alluded to references in sections of the British media. My concern is ensuring that she would not besmirch the entire range of British media with the accusation of anti-Semitism, because that is a grave charge. I just wanted clarification on that.

Mrs Ellman: I thank the hon. Gentleman for his comments. I do not refer to the whole of the British media. I made my comments in relation to one instance in the *New Statesman* and I referred to Deborah Orr's article in *The Guardian*. I also note that the editor of its readers' section has recently acknowledged that the way in which *The Guardian* has used these words has helped to encourage the growth of anti-Semitism. My comments are very specific: they related to the journals and articles that I mentioned. This is not about the British media as a whole, which do not all share this weakness and looseness of language.

What matters most is that there should be a resolution to the long-standing conflict between Israelis and Palestinians. I reiterate what I said at the beginning of my contribution, which is that the only way to bring that about, on the basis of two states living side by side

in security and peace, is through a resumption of direct negotiations. I hope that our Government will continue to do all they can to ensure that that comes about.

7.17 pm

Rory Stewart (Penrith and The Border) (Con): How very jealous George Canning would have been in 1823 to see the scope and ambition of this debate. Triumphant from Waterloo and Trafalgar, with the greatest economy and Navy in the world, he hesitated to get involved in affairs in France and Spain, whereas we have skipped in this debate from toxic waste in Somalia to minorities in Sudan, the situation in Yemen and the Baha'is in Iran. We have touched elegantly on the military in Syria and in Egypt, on elections in Morocco, on Islamists in Libya and in Tunisia, on refugees in Niger and on the fishermen of Mauritania. How jealous he would have been.

Given that we can pack the House for a debate on the fair fuel tariff, one would imagine that we would now find the journalists leaning over the railings, the Gallery packed and the House stuffed, with everyone desperate to get involved at this moment of deep crisis when the middle east and north Africa are teetering on the edge, and Europe is in trouble—but no. Why not? It is because at the heart of our problems in the middle east and north Africa is the situation of Britain for the past few decades. As our relative economic power declines, our ambitions become ever greater and our rhetoric becomes ever more inflated. We wish to get involved in countries that would have been obscure to us at the time of our greatest power, yet at the same time we hollow out the institutions on which we depend to deliver our policy.

Let us consider the middle east and north Africa and what we have done in this Arab spring. On Tunisia, the reality is that we had abandoned not just Mauritania but Tunisia itself to French diplomacy and French policy. In Libya, we contented ourselves with kissing Gaddafi on the cheeks and handing out a doctorate to his son at the London School of Economics and our connection with Egypt was contained to snorkelling as guests of Mubarak in Sharm el Sheikh.

Kwasi Kwarteng: I am particularly grateful to my hon. Friend for giving way—

Bob Stewart: Were you there snorkelling, too?

Kwasi Kwarteng: This is not a point about snorkelling. My hon. Friend the Member for Penrith and The Border (Rory Stewart) is making an impassioned and eloquent speech, but surely he must recognise that the reason why we are more committed to intervention in such areas—more so than in imperial times—is that we are part of a wider comity of nations. We are part of the UN and of NATO and as part of that joint venture we are committing and projecting ourselves in the region. In imperial times, such circumstances did not prevail. We acted unilaterally and, as he is right to say, in many instances we chose not to intervene and interfere in the internal politics of other countries.

Rory Stewart: My hon. Friend makes a very good point, but the problem is not our desire or our commitment to the multilateral system but our capacity and what we can actually do. Our engagement with the United Nations and NATO and our various grand views about globalisation and economics lead us to believe that we should be involved in all those areas, but what capacity do we have to deliver, what understanding do we have of those specific countries and what power do we have in our hands to do one half of the things that have been discussed in the Chamber today?

Daniel Kawczynski: Surely my hon. Friend must acknowledge and accept that the recent intervention in Libya was a great success. If it were not for our Prime Minister getting that resolution and pushing it through the UN and past President Obama's reticence, the bloodbath that Gaddafi would have pursued would not have been avoided.

Rory Stewart: I agree absolutely, yet it was, to quote the Duke of Wellington, a "damn close run thing". We stretched our military sinews and our diplomatic resources hard to achieve that success in Libya. We did it by pulling Dominic Asquith in from Egypt and John Jenkins; we gathered almost all the Arabists at our command to deal with one single country of 6 million people in north Africa.

Mike Gapes: I agree with the hon. Gentleman's remarks about the overstretch in the Foreign and Commonwealth Office. Does he also recognise that we did what we did in Libya in conjunction with France, that the lead was taken by a number of European countries, working together, and that his vision, which goes back 150 to 200 years, is of a very different world? The future for British foreign policy is not just in the United Nations but in co-operation with our European partners.

Rory Stewart: I would agree absolutely if I did not fear that Europe itself is hollowing out its foreign services in exactly the same way as we have hollowed out ours. German diplomats, French diplomats and Italian diplomats recognise that they are pinned in their offices with 400 e-mails in their in-tray, unable to study languages, unable to get out into the rural areas or to collect the political intelligence on which their Governments depend. They are looking in dismay at an External Action Service that is clearly not delivering and they are looking to countries such as Britain for the inspiration and leadership that they might find it increasingly difficult to receive.

Look at what we face. So far, we have dealt with just the second division but we are now entering the premier league. We are looking at countries such as Syria, countries of astonishing complexity with Orthodox Christians, Catholic Christians, Druze, Sunni groups, Alawite groups, orthodox Shi'a groups, Yazidis on the border and Kurds in the north. We are looking at a country such as Egypt that is set fair to become a modern Pakistan on the edge of Europe: a country where the economy is faltering, the military is grabbing on to power and terrorism is appearing on the fringes. We look, too, at Iran, split between its rural and urban populations, with nuclear weapons being developed.

What do we have to put against that? What will happen when we move with our team from the second division into the premier league? Are we up to the job? The answer is that, in many ways we are not. We are in a bad situation. Due to duty of care regulations, our

[Rory Stewart]

diplomats have become increasingly isolated and imprisoned in embassy compounds. It is increasingly difficult for a British diplomat in a country such as Afghanistan to spend a night in an Afghan village house and even to travel outside the embassy walls without booking a security team in advance. When we attempt to compensate for that, as we did in Iraq by relying on Iraqi local translators or employing Iraqi staff to perform the jobs that our diplomats were not permitted to do, we find ourselves the subject of a class action suit from a British law firm, arguing that we owe exactly the same duty of care to our Iraqi locally engaged staff that we owe to our British staff, thereby tying us up absolutely.

Laura Sandys: Let us think about what we used to do under the colonial service, although that has lots of negative connotations: people lived in those countries for years—perhaps 10 years—and spent time travelling the country, getting to know all the different levers, whether they were economic, political or otherwise. Does my hon. Friend think that the structure in our FCO, which involves postings of two to three years, is fit for purpose when we consider the more complex and dynamic environments in which we and those diplomats must operate?

Rory Stewart: That is a very good point. The analogy with the colonial period is a very dangerous one and we do not want to recreate some form of colonial service. The structures of imperial control are no longer relevant, but my hon. Friend is absolutely right about the complexity and unpredictability of the modern global world. My hon. Friend the Member for Spelthorne (Kwasi Kwarteng) misleads himself, perhaps, in that he imagines the modern global world as some uniform space in which the fundamental language is English and the fundamental symbol is the mathematics of the banker. In fact, the modern globalised world is defined by complexity and by specificity. The very failed states that we consider tend to be among the most isolated and most alien societies with which we have to engage. That brings us to the problem of the Michael Jay reforms.

Those reforms are the second problem that our Foreign Office has inherited. Since 2001, a consecutive series of permanent under-secretaries have shifted the balance at the Foreign Office from languages and area expertise towards management jargon and an increasing insistence on the "best practices" of the corporate world. All that has meant that because of the very precise details of the "core competences" required for promotion to the senior grades and the appointment procedures, the Foreign Office, instead of giving linguistic and political experts that sense of status and pride, is rewarding people for their ability to deal not with people outside the embassy walls but those within the embassy itself.

That all takes place within a broad context. As the hon. Member for Ilford South (Mike Gapes) suggested, we operate in a multilateral world in which we are very dependent on other partners. Those partners, too, are being hollowed out. We hope that we can depend, as our political service collapses, on journalists, but the newspapers are collapsing and their foreign correspondents are being drawn back to their capitals. There is less and less capacity on the ground.

Kwasi Kwarteng: My hon. Friend knows, probably better than anyone in this House, the extent to which modern media and modern technology have completely revolutionised the way in which we gather information and deploy our authority. I have listened to the debate for a number of hours now and I was intrigued to discover that people were harking back to colonial times, the empire and that sort of thing. They had nothing like the technology we have today and although I completely agree with my hon. Friend about the need for languages and cultural expertise in the Foreign Office, it is not remotely apparent to me that we should have exactly the same infrastructure today as we had in 1930 or 1880. That model is completely false in today's environment.

Rory Stewart: This is a very tantalising and attractive argument and I can see exactly why it is made. Of course, we should not have the same structure as we had in 1880 or 1930—and nor do we—but the notion that technology and the related aspects of the 21st century have somehow transformed our relationship with a country such as Afghanistan is fundamentally misguided. In the recent Helmand police intake, eight out of 100 people could write their name or recognise numbers up to 10. There is no electricity between Herat and Kandahar. The notion of a Facebook revolution in Afghanistan, Somalia or South Sudan is a distant fantasy. The fact that in the British embassy in Kabul two years ago, there were exactly two people who had passed a Dari exam at an operational level and that there was not a single Pashto speaker is testimony to the fact that we believe we live in a globalised world in which it is unnecessary for us to study other people's languages or understand their culture.

Kwasi Kwarteng: With respect to my hon. Friend and the House, I have always said in relation to these issues that linguistic competence is absolutely vital, and it is a scandal that the Foreign Office should have turned its back on that. He must acknowledge, as I think he is doing, that the technological environment in which we operate allows us to have certain levers and information that we did not have 15 or 20 years ago.

Rory Stewart: I could not agree more—it certainly allows us to have a great deal of information. However, at the fundamental core of the Foreign Office's work, which concerns politics and power, there appears to be a problem. The same problem was apparent when nobody challenged the Government's policy on Iraq, which is the single most humiliating mess into which the British Government have got themselves since Suez. Not a single senior British diplomat publicly or even privately challenged the Prime Minister on that issue. Why? Because at the same time as we imagine that everything is manipulable through technocratic processes and technology, the knowledge and the confidence that came from country immersion and language is lacking, as is the confidence that would allow one to challenge power.

Laura Sandys: I thank my hon. Friend for being so generous with his time. Let us look at what the Pentagon did about four or five years ago. It put a huge amount of investment into technology and the technological retrieval of data, and then it decided that many of its decisions, whether in Afghanistan, Iraq or internationally,

had failed because the system did not have enough human intelligence. Technology can deliver a certain level of intelligence, but ultimately we need people who really understand the area to interpret that information and to add that human dimension.

Rory Stewart: I could not agree more. This is not an either/or situation. I am deliberately being somewhat, or even intensely, polemical, so let me try to be more reasonable. Technology is not irrelevant and nor is it the case that the world has not changed since the 19th century, but it is important to recognise that the countries that pose the most trouble for us are often those we find the most difficult to understand. It is in precisely those contexts that deep knowledge of those countries and their power structures and relationships is required, and I think the same would almost certainly be true if one was trying to run a business selling into those markets. That applies not only to our diplomats' relationships with politicians and a Cabinet but to their relationships with rural populations and opposition groups. All of that would put Britain into the state of grace and provide the insurance policy on which this country depends.

Moving towards a solution and a conclusion, the solution must lie in pushing ahead with the very reforms that the Minister and the Foreign Secretary have undertaken, but to push them harder and faster. The diplomatic excellence initiative that the Foreign Secretary has launched is a very good beginning. Even today, however, one still meets political officers in embassies who say that they cannot see how that will help them with promotion. They say, "Focusing on policy work is not going to get me promoted because you haven't changed the core competences. It's management of two people and the DTI staff that will get me my next job." Those are the things we need to address.

Mr Adam Holloway (Gravesham) (Con): In Afghanistan and, indeed, Iraq, I felt very sorry for the previous Government because one often had the feeling that they were not being told the truth at every opportunity. On a Defence Select Committee trip to Afghanistan, I remember being briefed by a guy in the Foreign Office who gave us the normal line that everything was going terribly well but that there were challenges. Six weeks later, he sidled up to me in a restaurant and said, "Adam, I'm really sorry about that briefing I gave you, but the problem is that no one gets promoted for telling it how it is."

Rory Stewart: This is fundamental because we live in a world in which there is not enough challenge in the system. There are not enough checks or balances. I have mentioned that our newspapers have fewer and fewer foreign correspondents. The quality of foreign reporting in Britain is not as good today as it was 20 years ago because we simply are not investing as much in foreign reporting. At the same time, the military is increasingly preponderant in the United States, and brings with it the inherent optimism and determination to say, "We've inherited a dismal situation but we have the resources and the mission to deliver a decisive year," pushing aside the civilian advice. We are flattered by English-speaking, upper-class Afghans, Iraqis and Libyans who feed our fantasies and tell us what we want to hear.

In that context, and in the context of the temptation across Europe and the United States to have more and more centralised power, we need our Foreign Office to act as a check and balance. We need it to challenge policy and to speak truth to power. Above all, we need it to say not just what the UK interest is, what our ethical limits are or what we are not prepared to do morally, but, most fundamentally of all, what we cannot do. When somebody comes forward and says, in country X, "In this failed state, we will create governance, the rule of law and civil society," it should be the job of our Foreign Office to ask "How?", "With whom?" and "With what money?" It should ask, "What possible reason have you to believe that you can achieve this grandiloquent objective you have established?"

We also need to explain matters to the public, because this entire rhetoric is the rhetoric of a poker game. It is the rhetoric, perpetually, of "raise" or "fold", and of driving people to ask, "Have you met your $3 billion objective on trade this year?" or "Have you or have you not set up the rule of law and civil society?" and if not, "Why have we got an embassy in Mongolia? Why have we got to bother having any representation in Peru? Why don't we drag it all back to London and do it down the internet?" The way to cease that is to be honest—not just internally but with the British public as well.

Kwasi Kwarteng: My hon. Friend raises a particularly pertinent point about the operations of the Foreign Office. He will remember that in times gone by, that was the Foreign Office's job and it consistently said no. If we are to believe the memoirs of politicians, it consistently set itself as a roadblock to ministerial action and said, "No you can't do that," to Ministers who wanted to intervene or act purposively. He will also remember that a former Conservative Prime Minister once commented that she understood that the Agriculture Department looked after farmers, that the Labour Department looked after workers and that the Foreign Office looked after foreigners. It is well known that the Foreign Office has been the check that my hon. Friend describes.

Rory Stewart: The Foreign Office has a very distinguished tradition of doing that. With many of the things it challenged, it did so correctly. It challenged Lord Salisbury's insane idea of launching an invasion into Afghanistan in 1879, it challenged Lord Grey's absurd ideas about secret treaties with France in 1912 and 1913, and it challenged the absurdity of Suez. In all those ways it acted responsibly, but increasingly it is no longer performing that role.

Of course the politicians can, when they want, overwhelm the Foreign Office, push it aside and push ahead, and that is fine, but—on this, I think, we should conclude—we are now in a very strange position in this country. We are hollowed out. We are facing an enormous crisis. Europe is teetering on the edge. The German Chancellor is invoking ghosts of European destruction. The middle east and north Africa have seen more tottering regimes and dynasties than in any period since the end of the first world war. At this time we need to remember that that very modest investment in the Foreign Office—only £1 billion a year on its core costs, if we exclude the British Council and the World Service—is an extremely wise insurance and investment.

We need to remember at times like this how vital is the ability to set out our limits, to set out a strategy and vision, to explain exactly, as this Government are doing, and to continue to explain more clearly to the public,

[Rory Stewart]

exactly what Britain believes and what our strategy is—that peculiar mixture of pragmatism and belief in rights, a belief not just in ideals but in common sense, expressed in a world that understands that today of all times a residence can be much more powerful than a regiment, a Tuareg specialist than a Tornado, an Arabist than an aircraft carrier, and that the Foreign Office is our strength, our nation, and our defence.

7.41 pm

Mike Gapes (Ilford South) (Lab/Co-op): I am pleased to follow the hon. Member for Penrith and The Border (Rory Stewart) but I shall not go into Tuaregs and Tornados. I shall immediately go into the election that is taking place today in Egypt.

It seems that there is a large turnout for the election, with queues at polling stations. For most Egyptians it must have a similar impact to that of the first democratic elections that took place in South Africa after the end of apartheid—another large African country undergoing a process of transformation—but there are, of course, significant differences. The election in Egypt today is about establishing a constituent assembly, from which 100 people will be chosen to draft a constitution. That will be followed by a presidential election, the date of which has just, reluctantly, under pressure from the streets, been announced by the Supreme Council of the Armed Forces—12 March next year.

We will not know the outcome of the elections until they are verified and adjudicated by lawyers, and the result will not be known until January. That is worrying. We saw from what happened in Afghanistan a year ago how legal challenges to elections and disputes about the validity of the vote and about candidatures can lead to great complications when a body is established. We have also seen in other countries disputed elections leading to severe delays. I am worried about that and other difficult processes that Egypt has to go through.

As has already been said, Egypt has a very large young population, high levels of youth unemployment and an economy that is in decline and could go into an even more serious decline because so much of the revenue is built upon tourism and foreign investment that may not come about because of the uncertainty and instability that are developing. At the same time, there are worrying developments in the nature of the political process that has been established.

There was a democratic election in Tunisia under a formula whereby 50% of the candidates had to be women. That led to an elected Parliament in Tunisia which reflects the fact that in Tunisian society under the previous regime women played an important role. There is much greater equality overtly between men and women in that country. Even though the Islamist party Ennahda has come out as the largest political grouping, there are some positive signs about the continuation of women's role within the political process in Tunisia.

The same cannot be said of the situation that has developed in Egypt. A helpful research paper produced by the Library points out that the Supreme Council of the Armed Forces in Egypt is distinctly conservative in its approach to women's representation. Under the old electoral system in Egypt 64 parliamentary seats were reserved for women. That law was abolished by the military regime. In its place is a provision that every party list must include at least one woman. That is an extremely worrying development.

It has also been decided that there will be no requirement for any women's representation on the committee that will be established to draft the constitution, and there is only one woman in the present Egyptian Cabinet of 28. That raises serious concerns about where Egypt will go after today's elections and the constituent assembly that is established in future, and what kind of society there will be in the post-Mubarak era.

Further concerns have been expressed by many of the demonstrators in Tahrir square about religious tolerance and what might develop in the future in a country where a significant proportion of the population—more than 10%—are Coptic Christians. There has been a series of attacks on Christian places of worship and on Christian ceremonies. Other worrying developments include statements from some of the more extreme Islamist groups about the kind of society and kind of laws that will emerge and whether minorities will continue to be tolerated in Egyptian society.

The international community must be resolute. We should send clear messages to the newly elected Egyptian political establishment when it is announced and also to the Supreme Council of the Armed Forces that there are international standards that we expect a democratic Egypt to uphold, and that the international community's response to the changes in Egypt will be shaped by the treatment of minorities and women in Egyptian society.

Mr Leigh: The plight of Christians in the middle east is desperate and many of our actions have made that plight far worse, particularly in Iran. What is happening to the Coptic Christians is very worrying. Does the hon. Gentleman think there is more that we in the west can do? Can a Christian west take more responsibility for the plight of Coptic Christians? What does he think we can realistically do and what pressure can we impose on an Egyptian Government? What is going on there is terrible.

Mike Gapes: At this moment we need to give the Egyptians the benefit of the doubt because the process is still developing. We should try to get groups from the United Kingdom and other Western European Union countries reflecting faith forums and diverse groups, including leading British Muslims, to go to Egypt, taking with them Jews and Christians to show diversity and tolerance and how we work together. We also need to talk to countries such as Turkey, where an Islamist-influenced political party, the AK party, is in power in a secular state and where religious minorities are treated with tolerance in Turkish society. I think that we should try to use our influence.

When the Turkish Prime Minister, Mr Erdogan, went to Cairo to give advice, he seems to have been very strongly welcomed. Interestingly, there were large demonstrations in the streets when he arrived, but when he left, having made it clear that he wanted Egypt to remain a secular state rather than adopt an Islamist constitution, even though he was an Islamist, the demonstrations were much more muted. The message he sent the Muslim Brotherhood was not the message it wanted to hear. He said that he wanted a Prime Minister from an Islamist political party, but in a secular state.

That was very important, and he should be praised for trying to show that the Turkish model is not just one in which Islamist parties can come to power and that democracy means leaders, after coming to power, having respect for women and minorities rather than imposing an intolerant form of society that does not respect diversity.

I would like to consider the revolutions that have been called the Arab spring. Had they taken place in summer, I suspect that we would refer to the Arab summer, but I am not sure that we would talk of the Arab winter. Nevertheless, the issues are now much more complicated than they appeared to be at the start of the year. We are in a situation in which we can be guided by history, which the hon. Member for Penrith and The Border mentioned in his contribution. Those of us who have studied the history of the 19th century will know that the revolutionary processes that took place in that century and at the end of the 18th century were not easy, were in some cases bloody and often led to years or even decades of turmoil. I suspect that what we are seeing in north Africa and the middle east and what we will see in the Gulf states could be such a period.

It is only 20 years since the transformation of central and eastern Europe after communism was lifted. The political formations that have taken power in some of those countries have at times been difficult to cope with and some very unpleasant organisations have since come out from under the stone. We have seen political parties that are overtly homophobic, racist and authoritarian, and some that are associated with admiration for the Waffen SS have been elected to Parliaments in countries such as Latvia, Hungary, Slovakia and Poland, yet all those countries have come through the process. They still face difficulties, but because of the European Union they have been able to become democratic, pluralistic countries in which there have been changes of power. Parties that were in power have lost it and oppositions have won power and then lost elections. That is what democracy means. Just because elections are beginning in Egypt does not mean that that country is already a democracy.

Similarly, although there has been an election in Tunisia, it is not yet a democracy. Democracy will be entrenched only when parties that win elections are thrown out of office and when there is respect for diversity, the rule of law and minorities. Some of these countries will have to learn that respect. We have seen the great difficulties in Iraq when the parties that fought the last election came to a standstill and there was no possibility of Mr Maliki and Mr Allawi agreeing on who should be Prime Minister. It took the Iraqis almost as long as the Belgians to form a Government because there was no tradition or understanding of how Government and opposition work within a pluralistic political culture. Ba'athism had destroyed that political culture.

If the revolution comes to Syria and the Ba'athist regime there is forced to leave or is overthrown, there will be an almighty, complicated mess to deal with. It will be extremely hard to achieve stability and a pluralistic society, given the diversity in Syria that has been mentioned, and we will need to be patient. We should not expect these countries rapidly to become models of democracy of the sort we have in this country and elsewhere in the EU.

Laura Sandys: I started working with the Iraqi opposition in 1993, and it was 10 years before Saddam Hussein was overthrown. As the hon. Gentleman rightly says, in many ways there is a more complicated patchwork of different communities in Syria, and I very much welcome the Government's support for the Syrian opposition. Does he agree that that will require sensitive handling as we move forward so that we do not end up in a worse situation?

Mike Gapes: I agree. I think that we should be guided by some of Syria's neighbours. The Arab League has made an unprecedented move towards imposing sanctions on the country. We should also listen to what the Turkish Government are saying. I had a meeting last week with the Turkish Foreign Minister while he was here and also heard the remarks of President Gul when he spoke to Members of both Houses in the Royal Robing Room. The situation in Syria is causing extreme alarm within Turkey and the Turkish Government have basically had enough of the way the Assad regime has lied to and misled them—my words, not Turkey's—about the promises of reform that were not kept. Instead of reform, there has been brutality and repression. Turkey has now come to the same view that Britain, France, the United States and many other countries have come to: the Assad regime is no longer capable of being the agent of reform and it must go.

How the regime goes, in what circumstances and when are very difficult questions. We need to be sensitive to the fact that Iran is playing a destructive role in the region. As I mentioned in my earlier intervention on the Foreign Secretary, the Iranians have a significant relationship, through Hezbollah, with the Lebanese Government. They also have significant influence in the Iraqi political system through some of the Shi'a political parties in Iraq. It is significant that the two Arab League countries that have said that they will not impose sanctions on the Syrian regime are Lebanon and Iraq.

Iran will potentially play another destructive role. We have seen our country denounced in the Iranian Majlis and its vote calling for the expulsion of Dominic Chilcott, our excellent ambassador. We have been there before: a former nominated British ambassador to Iran, David Reddaway, was prevented from taking up his post many years ago; and a few years ago the royal garden party in Tehran was attacked from outside by people throwing rocks over the wall at the time when Geoffrey Adams was ambassador. A few years ago the Iranian revolutionary guards detained British naval personnel in the waters just off the coast of Iraq.

It is quite possible that the Iranian regime will now engage in a series of provocations and incidents in order to up the ante and gain for itself a diversion from its main problem, which is that it has been found out: Iran has been developing for many years a nuclear weapons programme, and the International Atomic Energy Agency, in its latest report, has confirmed that some nuclear enrichment and other nuclear activities have continued over recent years. But we should not therefore move easily into the dangerous area of saying, "Because the sanctions we have imposed so far have not worked, and because, despite those sanctions, the Iranian regime has continued to build up its nuclear programme potential, Iran is about to gain nuclear weapons and there are grounds for a pre-emptive military strike."

[Mike Gapes]

I was encouraged by the remarks of the United States Defence Secretary, Leon Panetta, whom *The Guardian* reported on 11 November as saying that military action against Iran could have "unintended consequences", and agreeing that such an attack would only delay its nuclear programme, rather than prevent it from obtaining a nuclear bomb. In these circumstances, talk of pre-emptive military action can do no more than strengthen the Iranian regime internally and weaken the democratic voice of the country's young, dynamic population who do not like the theocratic cap that the regime has put on them.

Similar comments were made on 4 November in an interesting article in the Israeli newspaper *Haaretz*, which noted that the Israeli Prime Minister Netanyahu and Defence Minister Barak favour military action against Iran in circumstances where Iran is about to obtain a nuclear bomb, but that three former chiefs of the defence staff in Israel do not, and that the former head of Mossad who retired earlier this year, Meir Dagan, has said that Israel would be "stupid" to launch an air attack on Iran.

That does not mean we should accept as "a good thing" Iran acquiring a nuclear weapon—absolutely not. Given the arms race that would be unleashed in the middle east, and given how countries such as Saudi Arabia, Egypt and other Gulf states would secure the potential, through Pakistan, to obtain a nuclear weapon, it would be a very worrying development: a Sunni nuclear bomb to offset a Shi'a nuclear bomb. There are other ways of dealing with the situation.

I refer to an interesting article by Trita Parsi, the president of the National Iranian American Council, published a few days ago, stating how strengthening the IAEA inspection regime, and not imposing more and more sanctions that do not work but adopting a policy of more transparency, may be a more effective way of dealing with the immediate problem. The key to that is the IAEA's additional protocol, which Iran has not yet signed, but which the international community, through UN Security Council resolutions, has called for.

We face a difficult period in Europe, but we are sometimes obsessed with our own problems. Compared with the difficulties of many hundreds of millions of people in the Arab world, our difficulties are insignificant. The people in north Africa and the middle east face a difficult transition on an uncharted course from authoritarian regimes to new democracies. They will need our help and solidarity. The European Union should do more through its neighbourhood programme and by other means, but our country does not have an insignificant role in the world. It has an important role, working with its partners and neighbours to ensure that the international community makes the right decisions and supports the right side in this democratic transition.

8.5 pm

Laura Sandys (South Thanet) (Con): It is a great honour to follow not only the poetry of my hon. Friend the Member for Penrith and The Border (Rory Stewart), but the practical and pragmatic approach of the hon. Member for Ilford South (Mike Gapes). The hon. Gentleman's last point was about how our problems in Europe are a great challenge but events in the Arab world are of a different scale, but I would refine it and say that the problems in north Africa and in the Arab world are our problems, too. I commend the Government for what they have done over the past year and a half, and for how they have been able to change the relationship between north Africa and this country.

Many people were worried about our involvement in Libya, and although I was supportive I was concerned. I would have voted against the Iraq invasion if I had been a Member back then, but the decision on Libya was clear for me, and it was clear on a humanitarian basis. We not only assisted the Libyans in ridding themselves of their dictator; we started to develop a different relationship with parts of north Africa, one I hope very much we will continue. We did so with sophisticated diplomacy, and we should be extremely proud of the outcomes in Libya.

Mr Holloway: Just after the fall of Tripoli, I, with the director of the Conservative Middle East Council, went out there and, in the chaos of the week after, met an Islamist who, having fought against us in Iraq and Afghanistan, made the most extraordinary comment, saying: "This is the first time that the west has stood with ordinary people in the region. We shall not forget it."

Laura Sandys: I very much welcome that intervention. That is the absolute core of the issue.

We need not only to build on the momentum that we have started, but to change and recalibrate how we engage with north Africa, an area that was in many ways caught in aspic by the cold war. Every dictator who has been deposed over the past year was a product of that rather binary environment, "Are you against us or for us?", and we have rid ourselves of that through the people.

We have to be careful about engaging directly and passionately with the new Governments who arise. As the hon. Member for Ilford South said, there will be lots of iterations of democracy, and they are not going to emerge as some sort of Westminster parliamentary structure for perhaps 10, 20 or 30 years, so we have to maintain that relationship with the people. Obviously we need to work with Governments, but the credibility and legitimacy of the people are what matters. Toppling regimes is not easy, but the transition process is even more difficult, and that is where we need to ensure that the Foreign Office is absolutely at the top of its game, as I am sure it is.

We have heard a lot today about the politics, about building institutions, and about threats, but not many Members have talked about the economics. Can emerging democracies survive when they have insecure economic environments and are finding it difficult to keep a hold on inflation? My hon. Friend the Member for Gravesham (Mr Holloway) talked about the people of the region. Those people were not necessarily just looking for the vote, although some of the countries had elections, if perhaps false elections; they were looking for democracy as a representation of opportunity for all, with no corruption, and the ability to get on in life without being part of the in-crowd or the out-crowd and to ensure that they could deliver a secure future for their families. Too often, in the Foreign Office and in our debates, we talk about institution-building and the governmental dimension, but we need to talk about north Africa's economies.

In starting to develop a lot further how we could build greater economic stability in north Africa, we should act on the basis not only of those countries' national interests and democracy-building but of our own national interest. The French are rather good at economic diplomacy. Is that such a dreadful term to use? They have completely understood where their national interest lies. Their ambassadors are an integral part of the French business community and spend a lot of time ensuring that the French economy and French businesses are integrated into the countries in which they operate. We have been rather weak at this in the past.

What north Africa really needs is expertise and commercial acumen, with partnerships to develop and exploit industries and technologies, management skills, and operational capabilities. I do not know whether those things are on the Foreign Office checklist and are being considered for north Africa, but it is absolutely essential that we start to make a move on this as quickly as possible, before economic instability undermines the democracy that has been created. In addition to sending three-day trade delegations out to these countries, we should be thinking in a much more considered way about what support each country needs and where, to be self-interested, the UK can benefit.

Just outside Tripoli, Libya has a large oil and gas institute, but it has not been updated for years. Why are we not taking on the responsibility for giving the Libyans a state-of-the-art institute that looks at operations, exploration and building skills, and links with the people, not necessarily with transient Governments? Tunisia needs tourism to get its economy off the floor. Its tourism industry employs 400,000 people, yet the number of visitors has dropped by 45%. We should be revitalising the country's visitor economy, establishing courses and training for young people entering the sector and supporting the small businesses that make up the majority of it. We should set up a small business institute to ensure that we are bringing expertise and allowing the people to exercise their democratic right through economic security.

Egypt is facing a great challenge in food and cotton production. Why are we not asking Hadlow college to set up an operation in the Nile delta, bringing students from all over Egypt to think about how to increase yields and improve standards and water management? That would get to the heart of what these Governments need to deliver to their publics to maintain some stability while democracy is gaining a foothold. If we are not in these countries delivering value-added assistance and practical input, then others will be, and yet again we will look back nostalgically in 10 years and say, "Why did China, Turkey, Russia and France steal a march on us when we were so involved in those early years?"

I propose that we look at the Economic Community of West African States as a model for promoting greater economic prosperity within the north African region. While ECOWAS has its limitations, it is developing stronger links with its neighbours. Joint economic activity is building greater political interdependency. In north Africa, greater economic interdependency will be one of the biggest deterrents to any political friction between states that could emerge over the next decade.

My final suggestion is that we start to take forward a stronger interrelated economic model as between the countries of the north and south Mediterranean. The hon. Member for Ilford South mentioned that. Some important organisations already exist, but they have mainly regarded north Africa as the liability and southern Europe as the superior model. This needs to be recalibrated, and we need to turn a talking shop into an active economic forum.

We are facing a new world. The previous century was one of global politics; this century is one of global economics. Every country will need to deliver economic security for its domestic audience and will play out its international politics on that basis. If we can work closely with these countries on what really matters to them—their economic survival, jobs for their young, and a greater relationship with the international community—we will be doing them, and this country, a great service.

8.16 pm

Sir Gerald Kaufman (Manchester, Gorton) (Lab): Earlier this year, I was in Tunisia, where, in addition to having talks with members of the temporary Government who were in office before the country's election, I spoke to business men and visited tourist sites. I was very troubled by the fact that those tourist sites were empty. It was understandable that after the upheaval in Tunisia people might have been wary about going there and doubtful about their own safety. On the other hand, if there was a velvet revolution anywhere in the Arab spring, it was in Tunisia, with one poor man dying because he had been insulted and then no more deaths. It is important for us to make it clear to the people of this country, a considerable number of whom have habitually visited Tunisia and seen its beautiful sights—not only the holiday areas but places such as Carthage—that it is safe to go there, good to go there, and good for democracy in north Africa to be there.

The hon. Member for South Thanet (Laura Sandys) referred to Libya. Of course, she is right to say that it is not for us to impose our concept of democracy on Libya. It is a fact, however, that there would not have been a change of Government in Libya without the action of NATO. That being so, we have a right to communicate our views—the views of that community—to the people who will be governing Libya. I hope that the Government will make it clear to those who are in office in Libya at this time that, while it is right and proper that Saif Gaddafi should be tried, it would go against everything that we have been supporting in Libya if he were executed.

One of the great failings of the Labour Government was that they did not make their voice heard when the Iraqis moved to execute Saddam Hussein. He was an evil dictator, and the Gaddafi family were a family of evil dictators, but the whole point about liberating people from dictators is that one does not behave in the way the dictators behaved towards their enemies. I know that this Government have a strong policy of opposing capital punishment wherever it is carried out or planned. I hope that they will make it clear to those in authority that turning a new page for Libya means getting rid of primitive and savage punishment in Libya.

In talking about what NATO has done to the benefit of the people of Libya, it is important to draw to the attention of the House where NATO has gone wrong and where it has run amok. What has been taking place in Pakistan over the past few days is an abomination. Pakistan is an independent country and an ally. A great many people of Pakistani origin live in this country and take part in our democracy. Its independence was violated

[Sir Gerald Kaufman]

by NATO going in and killing 24 people and injuring a great many more. That was a violation of Pakistani independence and sovereignty.

That was not the first time that such a thing had happened. It happened when the Americans sent their navy SEAL mission to kill bin Laden. Again, he was an evil man who had done dreadful things. However, the whole point of our being what we are is that we do not do what vile terrorists do. An article in *The New Yorker* not long ago told, move by move, how the SEALs went in. They did not have a fight with bin Laden, but simply went in to kill him, with the President of the United States and the American Secretary of State watching it all on television. That struck me as one of the most odious manifestations of the kind of Administration that the United States now has.

When George W. Bush was President of the United States, I expected it to behave in a way that was odious. We were dragged by Bush not only into the Iraqi war, but into the unplanned, chaotic aftermath of that war. The sanctimony of Barak Obama led us to believe that he would not get involved in the same kind of thing. However, Guantanamo Bay remains open three years after the man was elected President. We must have a British and European foreign policy, and not simply be dragged behind the American Administration, whatever it is that they do, as unfortunately the Labour Government were from time to time. We have just had another example of that with the attempt by the United States Administration to water down international regulations on the use of cluster bombs, which are used by the Israelis in their attacks on the Palestinians and which were used in Gaza in Operation Cast Lead.

I do not know whether Obama believes that he can get re-elected by behaving like the Tea party, but we must not behave like the Tea party. We must behave like a British democracy. I find many aspects of this Government's foreign policy attractive and it is possible to support them. In listening to the Foreign Secretary and hearing about the kind of things that have been taking place, I hope that we will not permit this extremism from across the Atlantic to motivate and dominate our policies.

Another example, which has been referred to by many hon. Members, including my hon. Friend the Member for Ilford South (Mike Gapes), is the situation with regard to Iran. Iran has an odious regime internally, which stones what it calls adulterous women to death, which stones homosexuals to death, and which tortures and imprisons. It is one of the most unpleasant regimes not simply in the region, but on the planet. On the other hand, although it would of course be a matter of profound concern if Iran acquired a nuclear weapons capability, as many hon. Members on both sides of the House have said, and although Iran undermines many regimes, as we have heard this evening, it has never carried out an outright attack on another country. Indeed, it was the victim of an attack by Saddam Hussein's Iraq.

In the region, there is a country with a large nuclear stockpile: Israel. It has not only a huge nuclear capability, but nuclear missiles, which were based originally in Dimona in the Negev. Israel has a record of invading other countries. It invaded Lebanon several times. We do nothing whatever about that.

I agree with hon. Members about how important it is to take action and to deter Tehran from acquiring a nuclear weapons capability. However, if military action were taken against Iran, the consequences would be incalculable. One of the great rules of action, whether in internal or overseas policy, is that we should not do something the consequences of which we cannot calculate before we do it. It is impossible to know how dreadful the consequence might be of military action against Iran. The Americans will not do it because Obama does not want another war in the less than a year before he faces the electorate again, but he might well want others to do it. Netanyahu, Lieberman and Barak have their own objectives based on the precarious nature of their Government in Israel. It is important for us to make it clear to the Israelis how strongly we would be opposed to their taking any military action against Iran.

The situation between the Israelis and the Palestinians gets worse day by day. I have spoken with some commendation of Foreign Office policy, but I was very sorry that the Government veered away from voting for Palestinian membership of UNESCO, and I am concerned that they intend to abstain when, eventually, the Security Council votes on the Palestinian application for UN membership. By abstaining, we will get no thanks from Obama and the United States, who want us to vote against, and at the same time it will give us no leverage whatever with the Israelis.

Today the Foreign Secretary, as he does whenever he talks about these things, advocated peace negotiations between the Israelis and the Palestinians, and set out yet again the parameters for the outcome of those negotiations. However, the prospect of such negotiations is nil, because the Palestinians will not sit down with an Israeli Government who are constantly expanding settlements, and I do not blame them for that. There are thousands and thousands of settlements. Other hon. Members, like me, have been there and seen not only the expansion of the settlements but the way in which settlers move into a Palestinian's house in a Palestinian area of Jerusalem, live there and force people out of the house, with the support of the Israeli police. Can one be surprised that Palestinians do not want to sit down with people who do that to them and get away with it both internally and internationally?

The checkpoints continue to impede movement, and as I have seen and other hon. Members will no doubt have seen, the illegal wall—as illegal as the settlements are—keeps olive cultivators away from their groves. A grove that is five minutes away by foot is hours away, if it can be got to at all, because of the wall. Does one really expect the Palestinians to accept that and sit down with the people who are doing that to them?

Now, the latest development, the Israeli punishment of the Palestinians for having applied for membership of the UN and achieved membership of UNESCO, is that the Israeli Government are illegally withholding £63 million of tax revenues from the Palestinians. That will affect tens of thousands, if not hundreds of thousands, of jobs of Palestinians working in the public sector, but what happens? Hillary Clinton gets on the phone to Netanyahu, and Netanyahu basically tells her to get lost. The Americans could have their will with the Israelis whenever they wanted to, as George Bush senior did when the Israeli Government refused to go to Madrid for talks, but they do not. They whimper.

Tony Blair has complained about the tax revenues being stolen by the Israelis from the Palestinians, but nothing happens.

What is more, the Israelis have refused to stop planting land mines, which the House united in opposing. They are now saying that they will do something even nastier to the Palestinians if the talks between Fatah and Hamas provide a unity Government. Hamas is a dreadful organisation, yes, but it is there, and it won an election democratically. There was international invigilation showing that it was a democratic election. It had a more valid election result than George W. Bush's first one.

If there is to be a united Palestine, it is absolutely essential that those parties get together. Otherwise, there will be at best an independent west bank with Gaza separate from it, and nobody else will take in Gaza. When I had a talk with Mubarak about Gaza and asked him whether, because of its physical separation from the west bank, it would make more sense for Egypt to incorporate Gaza, he said, "I wouldn't have Gaza in my territory for $5 million." The only way in which the Gaza problem can be solved is a Palestinian unity Government, and we should want to foster the unity of Fatah and Hamas, not oppose it.

I was interviewed by a bizarre Israeli television interviewer last week, who said to me, "At least you've got to agree that Israel is a democracy." But that democracy is being impaired the whole time. The Knesset has passed legislation limiting freedom of speech, and it has just passed legislation that forbids overseas Governments from providing finance to the NGOs, many of which would not be able to function without that finance. I pay tribute to the Department for International Development for what it does with the NGOs. If there is a shining example of what this Government are achieving, it is the work of that Department, but its efforts are being hampered by the way in which the Israelis are conducting themselves—against international law.

I would love to go along with what the Foreign Secretary said—which the Minister will no doubt repeat—about how hard we are working to get talks going, because in the end, talks are the only way in which this will be solved. But there will be no peace in the region—in all that turbulent region—until the justified aspirations of the Palestinians are fulfilled.

8.36 pm

Stephen Phillips (Sleaford and North Hykeham) (Con): The right hon. Member for Manchester, Gorton (Sir Gerald Kaufman) and I do not always agree on everything, but it is a pleasure to follow that speech. I did not agree with all of it, but much of what he said is deserving of approbation from both sides of the House. I am conscious, as I always am in these debates, of the considerable knowledge that he and others bring to this issue. It is far greater than mine, although my hon. Friend the Minister will recall that it was in a debate such as this that I had the temerity to make my maiden speech. On that occasion, at least, I had the considerable privilege of not being interrupted. It is an example that I encourage the House to follow this evening—

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): Will my hon. Friend give way?

Stephen Phillips: I will happily give way to my hon. Friend, but I think that attempt was a little tongue in cheek.

On the last occasion that the House debated these issues at length, I spoke on the subject of Egypt, an issue—and indeed a country—close to my heart, not least because of the legacy that this country left for the Egyptians and the responsibility that we bear for the situation in which we left our former mandates with regard to democracy. In the case of Egypt at least, the good beginnings that we perhaps left behind were thrown away.

I shall begin with Egypt, not least because it is in that country that today—at least according to *The New York Times* and the *Financial Times* as I have read them online during the day—we have seen those queues, which are so familiar in countries that have not enjoyed democracy, snaking around the block from the polling stations, as those who have not experienced the benefits, even the joys, of electing those who represent them queue to vote for the first time in many cases. That has certainly been the case in Egypt today for many people. With the possible exception of an 18-month period in the 1980s, there have been no real democratic elections in the last 30 years in one of the largest and most populous Arab states.

The right hon. Member for Paisley and Renfrewshire South (Mr Alexander) observed in his remarks that Egypt is a particularly important country in the context of the Arab spring. That is something with which I agree and with which my right hon. Friend the Foreign Secretary agrees. The simple fact is not merely that Egypt is the largest of the Arab countries by population and geographical size but that it carries considerable influence. It is the seat, for example, of the rejuvenated Arab League. As someone said to me earlier, it is the future Brussels of the middle east. It was with horror, therefore, that I saw my hon. Friend the Member for Stone (Mr Cash) in the debate earlier. I feared that he would remain for the entirety of the debate and that on making that remark, he would intervene on me and tell me the inadequacies of the euro and of everything else to do with the European Union. I am glad to see, at least on this occasion, that he is not in his place and that I can make the remark without fear of intervention.

Jeremy Corbyn: He is watching somewhere.

Stephen Phillips: I have no doubt that whenever I speak in the Chamber, my hon. Friend the Member for Stone is watching.

Egypt has also been the most stalwart of the allies that this country and the entirety of the west have had in the middle east for a number of years. It is a country that has a refined economy that is capable of providing the economic motor for north Africa and the Arab states. It is of course the bread basket of that region and is capable of providing a great deal of food, which is necessary in so many of these impoverished countries and regions. For that reason it is extremely important that the revolution that began earlier this year in Egypt is sustained and that the democracy that we have seen growing is fostered not only by this country but by our allies in the western world and the European Union. There is this fear, certainly in my mind, that were the revolution in Egypt to fail, the rest of the Arab world might run the risk of sinking back into some form of authoritarianism, even were it not the authoritarianism that we witnessed under the Mubarak regime.

[Stephen Phillips]

When the revolution took place, there was of course great hope. I spoke about it earlier in the year. A number of Members on both sides of the House have said quite rightly that it is not for us to impose our model of democracy on either Egypt or any of the other countries passing through the Arab spring. When the Supreme Council of the Armed Forces took power and the Prime Minister travelled to Cairo after Mubarak's fall, there was great hope that the sweeping reforms that were promised would be delivered in short order and that there would be a swift return to stability within the country and a prompt transition to elected civilian rule. It is a matter of regret, I think, on both sides of the House, that that has not happened as quickly as we would have liked. There has been an absence of a clear political plan and of the bold reforms that are necessary to deliver democracy in Egypt—as they are necessary to deliver democracy in the rest of the region.

Most worryingly of all, the economy has faltered, which appears to have led to the current ream of protests that have again resurrected themselves in Egypt. The Supreme Council and the generals are obstructing the necessary economic reforms, which my hon. Friend the Member for South Thanet (Laura Sandys) mentioned earlier. That has deterred international investment in Egypt and, most worryingly, it has let the country slide further into debt—the sort of debt that we in the west know all too much about.

The timetable for democracy has been unnecessarily stretched out, from months to years. The generals have hinted that they expect to retain a dominant role, entirely failing to understand or reflect the spirit of change that led to those momentous events in Tahrir square earlier in the year.

The Supreme Council of the Armed Forces was overhasty and undemocratic in bringing forward the amendments to the constitution proposed in the al-Selmy proposals. Trying to slip in additional pre-emptive clauses to protect the privileges and powers of the armed forces and trying to keep the defence budget a secret is simply not acceptable in a modern, democratic society. The discipline that the army reimposed on protesters—for example, using military tribunals and the emergency laws first passed in the 1950s and first used in the 1960s—has naturally led those who wanted democracy in Egypt to return to the streets to protest against the lack of progress towards the reforms necessary to secure the sort of democracy that we have in this country.

Those protests have recently resulted in appalling loss of life. Thousands have returned to the streets again not least, as I have mentioned, because of the state of the economy in Egypt, but the response from those who seem to be isolated from their people has been too little, too late: the offers to hold presidential elections by the end of June, to free political prisoners and to allow impartial investigation of the obvious abuses by the security forces that have been documented in the media have been wholly inadequate. It remains to be seen whether the democratic exercise to which the Egyptian people have for the first time been given the right today will calm matters and return peace to the streets of Egypt. That is to be hoped for, given not only the recent unrest but the loss of life last week.

The path to democracy is never easy, however, and we should commend Field Marshall Tantawi and those responsible for ruling Egypt since the revolution on their reiteration of the army's determination to leave power eventually. As my right hon. Friend the Foreign Secretary indicated, however, we should encourage them to do so as quickly as possible.

The recent moves have gone some way to meeting the popular demands of the Egyptian people. No doubt that is why the Muslim Brotherhood expressed cautious support for some of the recent announcements by Field Marshall Tantawi and SCAF. As several speakers have said, we should not tell those whom we are encouraging to exercise their democratic rights what sort of Government they need to elect. If we are honest about democracy, we must live with whatever Government are elected, whether in Egypt or anywhere else. If there is fear in the House about the Muslim Brotherhood taking power in Egypt, as I suspect that it will—no doubt in coalition, which is something of which I am not a great fan, but there we are—that is not something of which the House, the Government or the British people should be afraid.

Other speakers have pointed out that the exercise of power by Islamists who take power through the ballot box deprives al-Qaeda of the oxygen that it has always had, which is its argument that there is no route to Islamist control of middle east countries and Arab states without violent revolution. That is why we do not need to be afraid of these events—indeed, they indicate that we should support those Governments who will take power in due course whether in Egypt or anywhere else.

Whether in Egypt, Syria or elsewhere, the army and those institutions that have hitherto assumed that it is their automatic right to govern should retreat from politics and leave it to politicians elected by the people. Furthermore, military tribunals and emergency laws must be abolished, the legacy in the middle east of failed democracy—so much the fault of the west—must, perhaps for the first time, be cast aside and those who inhabit the Arab states must for the first time have the opportunity to exercise the rights that we take for granted.

David Rutley (Macclesfield) (Con): My hon. and learned Friend makes some important points. Countries such as Indonesia, Malaysia and Bangladesh—Islamist-led countries, yet stable democracies—give a positive sense of where things can go. It behoves us and this Government to do everything we can to support those emerging democracies and give them the direction that we can, in the way that he is indicating.

Stephen Phillips: I am grateful to my hon. Friend, who makes an extremely valid point. Democracy may not be the best system by which mankind can be governed, but it is certainly the least bad system that we have yet hit upon. As I said to the House previously—I think in March this year—we are not in possession of the one, unique form of democracy in this country, nor are any of the other western democracies. It must be for those countries concerned to determine what form of democratic systems they must put in place—consistent, it must be said, with human rights, which are inviolable, accountability, including democratic accountability of politicians, and any number of other things. However, once those core

things are in place, precisely what form of democracy a particular country follows must be up to that country. It is for that reason that one can support and see the validity of establishing the principle that certain proportions of Members of Parliament in some of those countries must be women or must be under the age of 30—as I think is the case in Tunisia—and so on. That is a matter for those countries. It is not for us to decree precisely how they should run their countries.

There is considerable optimism as a result of today's elections in Egypt. They may be too late and they may be being conducted under an extremely complex system, which seems designed in part to generate confusion and perhaps to entrench some of the interests that the Egyptian people would rather see lose out—that is, the interests of the elite that has governed them tyrannically for so long—but there is genuine hope in Egypt, as in other countries. It is for that reason that I sincerely hope that today's elections will result not only in a reduction in violence, but in a democratic Government being installed in Egypt, for the first time in the living memory of many.

The motion on the Order Paper is wide-reaching. There is much that I would wish to say about a number of other countries; however, I will say something about just a few. The first is Syria. There is universal condemnation, on both sides of the House, of the existing regime in Syria. Its time has come, a fact that is clear from the action taken by the Arab League and from the reaction to the regime's repression of its own citizens. It is also clear in the sense that there is now no international support for the regime at all—no votes, for example, in favour of retaining Syria in the Arab League. I was pleased, therefore, to hear my right hon. Friend the Foreign Secretary tell us of the pressure that the Government are bringing to bear on the regime, and also of the pressure being brought to bear on those who, it would seem, do not wish to impose further sanctions or encourage the regime to follow the route that is so obvious to all of us in this House. The regime must eventually stand aside, and there must eventually be democratic elections in Syria too.

Perhaps most notable has been the recent reaction of the Kingdom of Jordan, hitherto standing aloof perhaps—or certainly standing neutral—which one can understand, but now utterly condemning what has been going on in Syria. If Syria, the Syrian regime and President Bashar al-Assad think that they have any friends left—whether in the west or the Arab world, or whether China or Russia—I rather suspect that that misconception will be quickly eradicated in the next few months.

So, Syria, one hopes, will be a country where the west will keep up its pressure over the next few years and over the next few weeks and months. Our allies will do the same and every member of the United Nations will do the same in utterly condemning the violence and requiring those who have hitherto ruled Syria to stand aside and to allow the people of that nation the democratic freedoms that so many others in so many other Arab nations are now experiencing as a result of the Arab spring.

Let me touch briefly on Bahrain. There have been wide-scale human rights abuses in that country, and it is perhaps a matter of encouragement that the King established the independent human rights commission to examine the protests. The commission was led by Cherif Bassiouni, a former war crimes lawyer for the United Nations. Members of all parties will have read the report that ensued and will have congratulated the Bahraini Government. It is important that the pressure continues to mount on Bahrain to bring to justice those responsible for these appalling human rights abuses. It is also important to recognise, however, that no other Arab ruler has voluntarily invited such scrutiny of an Arab Government. For that reason, the Government are taking, in my judgment, precisely the right actions on Bahrain. I think there has been general agreement that this applies pretty much across the middle east.

The great benefit to this country of the Arab spring is perhaps that it not only presents us with the opportunity to ensure that many citizens across the Arab world who even a few years ago could not have expected to live in democratic societies have that opportunity for the future, but affords us the opportunity for the first time, given our history and our responsibility for the region, to do what is right, to encourage the democracy that we value so much and to ensure that everybody across the Arab world enjoys the rights that we take for granted.

8.57 pm

Jeremy Corbyn (Islington North) (Lab): I am pleased that we are having this debate. I shall endeavour not to take too long so that time is available for everyone to speak.

We are dealing with an amazing atmosphere, which is of historic proportions, across north Africa and the middle east. It is interesting to reflect that over the past 60 years, the countries of this region have seen the end of the second world war, an independence process being established, an initial Arab spring in the 1950s, the degeneration of many of those then revolutionary Governments into autocratic and authoritarian Governments who relied heavily on secret police and prisons, leading up to the uprisings that have broken out right across the region this year.

I think we should bear if in mind that every single one of the countries across north Africa and the middle east has at least half of its population under the age of 25, with many even younger. There are a great deal of very young, very angry people who have been through school and college, in some cases to university, yet they cannot find jobs. There is a big economic aspect and economic demands underpinning the whole process, which then relates to the political sphere of the unaccountability of government and the power of police forces and the secret police to imprison and control people.

In their search for an accountable Government and for some degree of opportunities in people's lives, we need to be aware that people do not necessarily view western Europe or north America as a good example. They do not necessarily want to create the kind of societies that we have; they are looking for something that is identifiably theirs and of their region, not aping the previous imperial masters that controlled so much of that region for so long. We need to be a bit more cautious and respectful of the historical process that is going on.

I shall touch briefly on a number of issues. First, the Foreign Secretary mentioned the meetings he had had in Mauritania and Morocco. I intervened on him—and I was grateful to him for giving way—on the question of

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Western Sahara. Many people have been in refugee camps in Algeria since 1975, when, following the Spanish withdrawal from Western Sahara, Morocco marched in and established a military presence, driving them out of the area.

Under decolonisation statutes, as former Spanish colonial subjects those people have the right of self-determination. They are entitled to decide whether they want to live in an autonomous region or an independent country, for instance. However, they have never been allowed to make that choice. More than 80 countries recognise the Sahrawi Arab Democratic Republic. This country does not recognise it—indeed, no European country does—but all of Africa except Morocco does, as do many other countries, particularly in Latin and central America.

We should spare a thought for the difficulties of a Government who, based in refugee camps and in exile, must lead their people while the majority of them also live in refugee camps, and must explain to them that they do not want to go back to war or launch a terrorist attack. In fact, they want a peaceful resolution and look to the United Nations to provide it, and I hope that this country will do what it can to support their aim. I had a useful meeting with the Minister to discuss the issue, and he showed considerable understanding of the situation. Let me compliment him on the fact that Britain has not supported the renewal of the EU-Moroccan fish agreement on the basis that it has been of no benefit to the people in the occupied territories—although, of course, it should have been—because it is taking resources, fish in this instance, from the waters alongside the western Sahara. I hope that he is aware of the strength of feeling that exists. As chairman of the all-party parliamentary group on Western Sahara, I can assure him that we will continue to pursue the issue.

According to a parliamentary answer given to me last week, the war in Libya has cost £1.8 billion, rather more than the £200 million that we were told it would cost at the start of the conflict. I am not very surprised, because wars cost an awful lot of money. I am not here to defend human rights abuses by anyone. I am here to support the idea of accountable government, an independent form of justice, and adherence to UN basic law on human rights—all the fundamental elements of the UN charter.

I did not support the intervention in Libya for a number of reasons which I gave at the time, and I remain very concerned about the human rights situation in Libya. I am concerned about, for example, the number of African migrant workers who were living and working in Libya and who have been abused or murdered, or whose lives and homes have been destroyed, and the number of others who have faced summary justice in Libya since the transitional national council took over.

My right hon. Friend the Member for Manchester, Gorton (Sir Gerald Kaufman) mentioned Saif, Gaddafi's son, who has been arrested. It is still not clear whether he is in the custody of the transitional national council or in the custody of some other group in the town where he was captured, but I think that he should be put on trial. He probably has a great many interesting things to say about Libya's economic relationship with this country, France, Italy and many other nations less than a year ago; about the amount of money that Libya spent in this country, France and Italy less than a year ago; and about the arms supplied by all those countries. He deserves to be put on trial, not just because of the abuses of human rights carried out by his father's regime and the killing of prisoners some time ago, but so that we can understand what those relationships lead to at the end of the day. A lot of truth needs to come out.

I would prefer Saif to be tried by the International Criminal Court, but within the terms of the Rome statute, he does not have to be tried there. The national jurisdiction can put him on trial, although it must follow international standards and allow international observers and international representation.

Bob Stewart: I was always under the impression that the basic rule is that if the national jurisdiction decides to try someone, that takes precedence over any International Criminal Court proceedings. Does the hon. Gentleman agree?

Jeremy Corbyn: Yes, that is my understanding. That is why I said that Saif does not have to be extradited to The Hague. I would prefer it if he was, but that has to be decided. However, we do have to be confident that there will be an independent judicial system. The murder of his father by a mob is not a very good precedent. We must also look at some of the other abuses of human rights that are now taking place in Libya, and have some very serious concerns.

We should not say, "Ra, ra, we've won," too often, because there is too much pain and too much suffering, and too many people have already died. I read an interesting article by Franklin Lamb from Sirte in Libya called "Bad moon rising over great Sirte bay." He supported the TNC and the overthrow of Gaddafi, but he describes what he sees as problems for the future. One of them is relations with Algeria, and he also quotes someone saying about NATO:

> "'They destroyed our country and now they want us to pay them to rebuild it. I wish we could rebuild without one NATO country profiting. It's like that crazy American woman running for President of your country who wants Iraq to pay for the death of US occupation soldiers who were killed.'"

The article goes on to describe the cynicism with which a great deal of the western involvement in Libya is viewed. I therefore think we should be a bit more cautious and circumspect about this matter.

Egyptians are voting in their elections today. We all hope those elections will be properly run and will turn out an accountable Parliament and Government, but above all we must hope that they bring the military under democratic control. There has never been a time in Egyptian history when the primary power of the state, the armed forces, have been under any kind of democratic control. They might have been very popular at various times, and they might have been very unpopular at certain times, but they have never been subject to the kind of parliamentary control that we, along with most other countries in the world, would see as the norm in respect of our armed forces. If that is not achieved, a constitution might be developed in which the Parliament and Government exist, but only as a kind of parallel power structure—as in Chile under Pinochet, in Indonesia and, to some extent, in Turkey before the more recent reforms—with the army being effectively independent

of the democratic process, raising its own funds, existing in any way it wants and able to take control of things in the future.

The people who were in Tahrir square over the weekend, and those who were killed last week by the army and police forces, were demanding accountable Government and democracy. The west should be a little cautious in thinking it can do deals with the military to bring about some kind of solution in Egypt.

Egypt has always been the headquarters of the Arab League. Under Nasser it was also very much the centre of the whole Arab uprising and that period of Arab nationalism. There is a competitor on the horizon, however: the Gulf Co-operation Council, which is beginning to assert itself. The GCC started out as a fairly mild union of Gulf states, but it has now, in some respects, become a kind of rival to the Arab League. Strangely, Morocco has now joined the kingdoms of the Gulf region. The last time I looked at the map, Morocco did not appear to be a Gulf country, but perhaps something has changed. The GCC includes US bases in Bahrain, and it has allowed or encouraged or facilitated—we may choose whichever word we want—Saudi Arabia to occupy Bahrain in order to support the kingdom and condone the many human rights abuses that have gone on in Bahrain not only over the last few weeks but the last few years.

Behind that, we must ask some questions about what is happening in Saudi Arabia at the present time. I was given a note about last week's

"death of four Shia protestors in Qatif…after clashes with security forces. The government accused outside agents as usual but the crisis is more profound. The Shia have been protesting since March over the detention of political prisoners without trial and asking for an end to discrimination and exclusion."

It goes on to cite:

"The trial of 17 reformers described by Amnesty International as peaceful activists in Jeddah. They were sentenced to 5-30 years in prison. The case demonstrated how the justice system is under the control of the Ministry of Interior."

Many issues of human rights abuses in Saudi Arabia have to be examined but, again, Britain's overwhelming commercial relationship with that country, through arms sales and oil imports, seems to dominate what ought to be genuine concerns about human rights there, about the inability of ordinary people there to express themselves and about the denial to women of any basic or fundamental rights that any other country in the world ought to be able to subscribe and aspire to.

What my right hon. Friend the Member for Cynon Valley (Ann Clwyd) said about what is happening in Bahrain is absolutely true. I first met human rights activists from Bahrain at a UN conference in Copenhagen in 1986, when they came to see me to talk about the suspension of the constitution, the weakness of the Parliament, the power of the King, and the degree of discrimination and abuses of human rights. Last week, a very lengthy report was published by the Bahrain Independent Commission of Inquiry, and I shall quote from a small passage about the establishment of the commission by decree in June 2011:

"The commission found that arbitrary arrests—in many cases pre-dawn raids conducted by armed and masked security…forces—showed the 'existence of an operational plan' to terrorize protestors and opposition members. It concluded that the arrests and detentions 'could not have happened without the knowledge of higher echelons of the command structure' of the security forces, and that failure to investigate rights abuses could implicate not only low-level personnel, but also higher level officials."

This country has close relations with Bahrain, we have had close military co-operation with Bahrain and we have sold a great deal of equipment to Bahrain, including surveillance equipment that has been used against highly democratic human rights protestors, so we need to be cautious about our double standards.

The last two points that I wish to make concern ever-present, huge threats that exist in the region. My hon. Friend the Member for Birmingham, Northfield (Richard Burden) made a brilliant speech about the situation facing Palestinian people. It was the most moving speech that I have heard for a very long time on that issue, and it was made on the basis of a very recent visit. He and I have been to the west bank and Gaza together on a number of occasions, and I hope that we will be able to go there again.

Bob Russell: As we approach the anniversary of the birth of Christ, does the hon. Gentleman agree that today Joseph and Mary would not be able to get to Bethlehem because of the walls, the shepherds would be ethnically cleansed and the three kings would not be allowed into Palestine?

Jeremy Corbyn: I have been through the miserable experience of what ought to be a pleasant, if short, journey from Jerusalem to Bethlehem. One goes through many checkpoints and then sees the obscenity of the wall around Bethlehem and how it goes through streets and fields and takes people's land away. Some people cope with it in a witty way. I went to a nice, ordinary Palestinian café in Bethlehem that I had been to before the wall was constructed 3 or 4 metres in front of it. The people there had renamed it "The Wall Café" and painted the menu on the wall. One sat in the café and read the menu off the wall, and everything on it was to do with the wall. One could have wall falafel, wall burgers, wall chips or wall coffee—it was "wall" everything. What a way to have to live! People see their whole communities and societies destroyed by the construction of the wall and the construction of settlements.

Palestinians living in their village on their farm, with their olive groves, oranges or whatever else they grow suddenly find that a wall comes and they have lost access to their land, or a settlement comes and all their water is taken away, or a road is built that they are not allowed to use. There are settler roads and settlements supported by the Israeli army and police forces, who are condoning absolutely the theft of land and the occupation of the best land with the best water supplies. Then they say, "Come on—let's make peace." I am sorry, but if they are going to make peace they must start by ending the settlement policy and withdrawing the settlements from the west bank. But we are quite a long way away from that.

Palestine applied for UN membership, and that is to be decided. I hope, although it is probably a very faint hope, that the British Government will vote in support of it. I understand we are going to take the incredibly brave position of abstaining—a really tough decision to make. And what happened when the UNESCO membership went through? Israel withdrew the tax money that should be paid to the Palestinian Authority, which means the authority is rapidly running out of

[Jeremy Corbyn]

money, and the United States withdrew funding from UNESCO, which means that UNESCO will have a financial problem. Sorry, but for what? Because the Palestinians had the temerity to want to be a member of the United Nations Educational, Scientific and Cultural Organisation. That is a truly ridiculous situation.

If we want peace in the middle east, we must recognise the Palestinian people and negotiate with their representatives, whether we like them or not. There are lots of representatives of the Palestinian people: Hamas, Fatah, independents, people who undertake civil disobedience and pacifists. There are people of all descriptions and views, but they are all Palestinians and they all recognise the right to exist as Palestine within that region. Israel seems incapable of deciding what its borders are, yet insists that Palestinians should continue to give up land. I strongly support the right of the Palestinian people to exist and to have their own identity, and putting false barriers in the way will not bring about peace.

Israel, however, is a very powerful country. It is the world's fourth largest arms exporter and a possessor of nuclear weapons. It has not signed a nuclear non-proliferation treaty, but it has signed up to the Mediterranean weapons of mass destruction-free zone. As a nuclear power, Israel must recognise that if we are to bring about peace in the region, it needs to be involved. Last year's NPT review conference called for a nuclear-free middle east, so Iran as a member of the NPT organisation must obviously be part of that just as Israel, I suspect, should also be part of that process. I do not want anyone having nuclear weapons in the middle east, and I think that the best way to deal with Iran is by consultation and by having as many dealings with it as possible. It is not to condone the human rights abuses or everything that goes on, including the imprisonment of trade unionists and all the other denials of human rights, but to recognise the lessons we have learned from the wars in Afghanistan and Iraq.

Are we seriously going to go down the road of having a war in Syria or Iran? I sincerely hope not. I want there to be peace and justice, but I am not convinced that the process of wars and British involvement in those wars have done anything but cost us a great deal of money and brutalised our own country. Nor have they improved our standing around the world. The Department for International Development does a great job in many ways and many places, including Palestine. We seem to be obsessed in this country with the idea that a nation of 65-odd million people on the north-west coast of Europe has the funding, resources and power to have global reach. I am not sure we do. We need to think about these things and start being much more supportive of international institutions, international law, human rights and all the other issues that go with them, rather than turning a blind eye to human rights abuses because it suits our commercial interests at certain times to sell arms, buy oil or whatever else.

Let me conclude with a final thought. I have met a number of former soldiers who have been in Iraq and Afghanistan. Indeed, some of them can be found in the occupations around London. Tragically, an awful lot of former soldiers can be found as homeless people and others going through a very bad time in their lives. Almost a century ago, Siegfried Sassoon wrote that the "the war is being deliberately prolonged by those who have the power to end it".

A statement has been issued by 15 British soldiers and two Royal Marines, supported by four Americans. The first signatory is Joe Glenton, who refused to go to Iraq and has since left the Army. I shall not read it all out because it is quite long, but I shall quote part of it:

> "We are veterans, from the British and American Armed Forces, acting on behalf of soldiers and citizens at home. We know that these wars have nothing to do with democracy, security, women's rights, peace or stability, they are fought for money and power, nothing else. Our comrades' blood has lubricated the ambitions of a few. The goals could only have been achieved by negotiation and this remains the case.
>
> We have seen and endured the suffering of the soldiers affected by these wars and, unlike those who send them to fight, we know these people at a human level. We have seen and regret the suffering of the innocent people in the countries involved. We are protesting against the conduct of the war and the reasons it was started by the United States and the United Kingdom. We object to the insincerity and imperialistic objectives, for which people continue to be sacrificed, displaced, tortured, imprisoned and wounded."

It goes on to say that they think 10 years is enough for these wars.

I know that is not a majority view in the House and might not even be a majority view across the whole country. However, people are increasingly questioning our foreign policy and the amount of resources we spend on weapons of mass destruction and our own nuclear weapons while claiming that nobody else should have them. I think we need a bit of a rethink on our foreign policy. We should admire and support those who stand up for democracy, but let us not start another war with Syria or Iran. That is not the right way to go.

9.20 pm

Bob Stewart (Beckenham) (Con): I respect and rather like the hon. Member for Islington North (Jeremy Corbyn), but of course I cannot agree with the last sentiments in his speech. I shall make a short speech as I believe there are two Opposition Members yet to speak. I shall bear that in mind.

I have lived or worked in Egypt, Jordan, Cyprus, Yemen and Bahrain. The United Kingdom has a traditional and present-day interest in what happens throughout the middle east and north Africa, but that does not give us the right to direct exactly what should happen politically in those countries. Like many hon. Members who have spoken, however, I very much hope that we can influence the direction of their politics in future. I shall confine my remarks to countries in which I have lived or of which I have some experience, starting with Egypt, where I lived for a while in 2005.

The current situation in Egypt is totally unacceptable. The idea that protestors have had to go back to Tahrir square is a dire warning to Field Marshal Tantawi, and the fact that 35 people were killed recently is utterly abhorrent and very worrying. The military will have to stand away from politics but I fear they will find that very difficult to do. Today's parliamentary elections in Egypt might help. Tantawi has promised to hand over power to civilians, so we will see what happens in that regard. We now have a timeline for that, and a president should be elected by June 2012. Personally, I doubt whether the military will be able to give up their stranglehold on power and privilege as easily as people might think.

I lived in Bahrain as a young man in 1969.

Bob Russell (Colchester) (LD): A young man?

Bob Stewart: I was indeed young once—it is almost the start of a song. When I lived in Bahrain it was a very different time to now. I desperately want to see human rights in Bahrain and I am very unhappy about what has happened there recently, particularly about the Saudis coming in with their armed forces. I very much hope that things will get much better.

The final country that I want to talk about is Yemen, where I lived when I was an even younger man between 1954 and 1958. I have always taken a close interest in what has happened to the Aden protectorate. Yemen is a strategic location right at the bottom of the Saudi peninsula and has always been important. It was important to us as a place where our steamers were coaled up for going to India. It was also the home of Osama bin Laden. Let me say how pleased I am with the UK Government's launch of the Friends of Yemen group.

I will conclude, as I want to keep my comments as short as possible for obvious reasons. Huge changes are taking place in the middle east and north Africa. It is clearly a time of great opportunity for the peoples of the region. I agree with my right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) and my hon. Friend the Member for South Thanet (Laura Sandys), who made points about our business links to the region being part of our foreign policy. That is an extremely good idea and I know that my right hon. Friend the Foreign Secretary is doing his very best to combine diplomacy and business.

I am very hopeful that the Arab spring will liberate large numbers of people and change their way of life in the middle east and north Africa, but the danger is that in times of turmoil things can go either way. That is the problem that we face. We must use our limited power—I stress limited power—to influence what happens throughout the region for the better. I very much hope that, this time next year, we will see the peoples of the middle east and north Africa in a much happier place than they are at present. I keep my fingers crossed and I believe the bottle may well be half filled, rather than half empty.

9.26 pm

Mr William Bain (Glasgow North East) (Lab): It is always a pleasure to follow the hon. Member for Beckenham (Bob Stewart). I congratulate him on his speech and his generosity in leaving time for others to speak.

I follow the sentiments of the hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips), my hon. Friend the Member for Ilford South (Mike Gapes) and my right hon. Friend the Member for Paisley and Renfrewshire South (Mr Alexander) in saying how fitting it is that, on this day, when the people of Egypt start to go to the polls in their parliamentary general election, we are holding this debate on the future of the middle east and north Africa.

I shall restrict my remarks to the situation in Syria and Bahrain. I hope it is helpful to the House for me to take us back to the origin of the protest on 18 March, when Syrian Government forces detained 15 children for spraying anti-regime graffiti on a wall. When civilians took to the street to protest against that heavy-handed crackdown, the same security forces brought the uprising to a brief and brutal conclusion by killing four protestors. The next day, thousands more people took to the streets.

To date, Syria continues its ruthless practice of violently extinguishing protests, no matter how peaceful, as a precondition to any engagement with the opposition parties. The UN estimates that 3,500 protestors have been killed since the protests began. The non-governmental organisation Freedom House estimated that in 2010 between 2,000 and 2,500 political prisoners in Syria were held. It described Assad's regime as an "ossified dictatorship".

Until the early part of this year, Syria had perhaps somewhat successfully portrayed an image of stability to the media in the west. In an interview in *The Wall Street Journal* on 31 January, President Assad asserted with some confidence that Syria would not fall victim to the same fate as the regimes in Egypt and Tunisia. He said:

"Where there is divergence between your policy and the people's beliefs and interests, you will have this vacuum that creates disturbance. So people do not only live on interests; they also live on beliefs".

The ideology of the Syrian people to which Assad referred in that quote was the opposition to Israel. Syria and Israel have clashed militarily on a number of occasions. However, he failed to recognise that the people's beliefs transcend religion and that Syrians believe in genuine economic and social reform and in democracy and equality.

At an Association of Southeast Asian Nations summit in Indonesia last week, the US Secretary of State Hillary Clinton warned that the situation in Syria could soon result in civil war. The Russian Foreign Minister Sergei Lavrov has taken the view

"that it already looks like one."

It is difficult to refute that argument when recounting the unfathomable cruelty that Assad has waged against his own people. However, unlike the Libyan opposition, whose strategy appeared haphazard but who were coherent and single-minded, the Syrian opposition are unfortunately splintered. There have been some interesting diplomatic developments. The Turkish Prime Minister recently said:

"It is not heroism to fight against your own people."

His criticism is particularly significant, as he previously referred to his Syrian counterparts as "his brothers". The Turkish President, Abdullah Gul, last week noted that Syria had reached

"the point of no return."

Where to now for Syria? Michael Broning, director of the east Jerusalem office of the Friedrich Ebert Stiftung, a German political foundation, has noted:

"Syria has recently experienced annual economic growth rates of around 5 percent, but the country is still plagued by staggering unemployment, increasing costs of living, stagnating wages, and widespread poverty."

The UN estimates that in eastern Syria alone 800,000 people live in extreme poverty, owing to a sustained period of low rainfall. When he succeeded his father Hafez in 2000, Assad moved towards economic liberalisation with the creation of a stock market and the opening of the banking sector to private banks, yet Syria is rated 144th out of 183 countries in the World Bank's latest report on the ease of doing business. Joshua Landis, a Syria expert at Oklahoma university, considers the prospects for economic development to be bleak, noting recently:

"Eventually things will fall apart."

[Mr William Bain]

Unlike with events in Libya, the Arab League has been reticent in its approach to the uprising in Syria. Although the causes of the Arab uprisings in recent months are deeply complex and entrenched, in some cases, they stem from a culmination of decades of repression and underdevelopment. Although the eventual catalysts differ from state to state, the long-term causes appear to be consistent: high inflation, rising food prices, mass unemployment, absence of social mobility and human rights abuses. Economic and social reform in the middle east is arguably as important as political reform in the shape of overthrowing autocrats.

Like Syria, Bahrain is an example of an unrepresentative regime—a 70% Shi'ite majority is governed by a Sunni, pro-US regime. Indeed, some commentators have argued that the US has been reticent in its stance on Bahrain, relative to its sharp condemnation of other Arab autocrats, but the US Secretary of State said recently that the tumult in Bahrain serves Iran's interests. She said:

"Meaningful reform and equal treatment for all Bahrainis are in Bahrain's interests, in the region's interest, and in ours—while endless unrest benefits Iran and extremists."

Last week the Bahrain independent commission of inquiry cleared Iran of being the hidden hand behind the Shi'a protests, which in itself is encouraging, but under no circumstances should we see the heat taken off the Bahrain Government. Last week's report also surprised many middle east commentators for its candour and acceptance of the Bahrain Government's accountability. The report contains a number of damning indictments of the security forces' conduct, including: the admission of deaths of 35 protesters; the admission of lethal force being used against protesters, leading to civilian deaths; the admission that torture was pervasive among those detained and led to five deaths; the admission that female prisoners were threatened with rape; and, most importantly, the admission that the reforms must now be rapidly implemented to inhibit the litany of human rights abuses that mark the spring uprising in Bahrain. But that acceptance of culpability has also to be followed by purposeful reforms to ensure that the victims of human rights abuses receive justice, and that safeguards are established in law to prevent any repeat. The BICI report details evidence that imprisoned protestors were beaten, whipped, hooded and subjected to electric shock treatment, and those findings must lead to real change.

Dramatic changes are also needed to the economy in Bahrain. Unemployment stands at 15% and youth unemployment is at 20%—and that, too, is reflective of other states in the Arab region. In Libya, unemployment is at 30%, and in Yemen, where President Ali Abdullah Saleh last week signed the deal to transfer power, it stands at 35%.

We have a new generation of young people who are unwilling to accept the inequality experienced by past generations, and it falls to the international community to ensure that the brave efforts of protestors in Manama and elsewhere throughout the middle east have not been in vain, and that the promise of the Arab spring is not squandered this winter.

9.36 pm

Mr John Spellar (Warley) (Lab): It has certainly been a wide-ranging and interesting debate. We had the Foreign Secretary and the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) competing as to who had visited the most distant locations, and the hon. Gentleman also expressed his concern that the Conservative party was dominated by *Guardian*-reading, Radio 4-listening liberal lefties, which I am sure was a revelation to the Foreign Secretary. My right hon. Friend the Member for Paisley and Renfrewshire South (Mr Alexander) welcomed the debate, which is timely and a welcome opportunity to discuss the momentous events taking place throughout the region.

I do not want to appear churlish, but briefly I shall express a slight concern, because in Afghanistan we in the UK have a direct influence on events and a vital interest, with several thousand of our service personnel there, and this weekend the Bonn conference on the future of Afghanistan will take place, with more than 1,000 delegates attending. That would have been a significant moment even before the events of last weekend, so we should also recognise the considerable parliamentary concern about how the substantial gains made by the women of that country can be preserved.

In a speech last week, the Foreign Secretary pointed out:

"In 2002 only 9% of Afghans had access to health facilities in their local area, today this proportion has risen to 85%. One in three of the six million children in school in Afghanistan is a girl. Just last year 50,000 new teachers were trained, over 30% of them women."

and:

"Sixty nine female MPs were elected in 2010."

That is why last week more than 100 Members of this House attended a photoshoot to show their support for the gains made by Afghan women, so I am slightly surprised that the Government did not this week schedule a debate in which they could have outlined their aspirations for the conference, but at the very least I hope that we will have more information in Foreign Office questions tomorrow and a report back next week.

The other inevitable problem with a debate of this breadth is the difficulty of focusing clearly on particular areas and of developing clear themes. During the Foreign Secretary's speech I was not clear whether there was an overarching strategic approach. The issue of national strategy has concerned the Public Administration Committee, and I would have hoped to have seen more of the strategic thread, but perhaps that will emerge in the Minister's response. So I shall inevitably have to deal with matters country by country, and I apologise for those that I do not cover in the time available, but the Minister needs a reasonable amount of time to cover the wide range of issues that have been addressed.

I shall begin with Somalia. There are massive governance issues that clearly have a huge effect on the local population, impacting on the safety of neighbouring countries such as Kenya in particular, and on world shipping, with continuing depredations from piracy, to which I shall return. The Minister will know only too well that I have been raising this with his Department for over a year. My persistent complaint has been that the Government have the right intentions but are slow in taking action and encouraging a collective international response. I welcome the statement that has been put out today indicating that discussions will be taking place at the European Council, but those discussions have to be translated into action.

At the end of last month, the Prime Minister made a welcome announcement about the placing of private armed guards aboard vessels. Straight away, I wrote to the Home Secretary, who had been designated as the lead Minister on this, to pose a number of entirely proper questions. I asked what would be the procedures for command and control; what would be the rules of engagement; whether there would be arrangements with ship owners to recruit only reputable firms and individuals; whether there would be a register and, if so, who would maintain it; what sanction there would be against companies that were not in compliance; whether this would apply only off the Somali coast and into the Indian ocean or elsewhere; and what discussions there had been with other countries in the relevant region, where guards would embark and disembark. Those are absolutely core parts of a policy for dealing with piracy by the use of guards. There was no sound from the Home Office until today, when it faxed my office to say that it had transferred the matter to the Department for Transport. That does not show the sort of urgency that is needed, and unfortunately it has been only too typical of responses in this area, where the general direction has often been right but the implementation has been sorely lacking.

October is when the piracy season starts in Somalia, because the monsoons go down and piracy therefore becomes easier. As was rightly pointed out in the debate, that is absolutely crucial, because it means that if the warlords and pirate organisers are the main source of funding for governance in Somalia, its governance will be enormously destabilised.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Another reason for urgency is that, unfortunately, despite the efforts by the international community, and by the British Government in particular, there is every indication and every reason to fear that there may well a recurrence of the famine next year. We therefore need action on an international level as soon as possible.

Mr Spellar: I fully agree with my hon. Friend. That is why we particularly welcome the support for the beleaguered population of Somalia, especially food aid, and the substantial involvement of the Department for International Development, working directly and through non-governmental organisations. We also welcome the initiative of the conference on 21 February that was announced by the Secretary of State.

As with the involvement of the Arab League in the middle east, I hope that we will ensure that there is significant involvement in Somalia on the part of the neighbouring African countries and, indeed, the wider African continent. The hon. Member for Cheltenham (Martin Horwood) properly referred to the considerable role that the forces of the African Union are playing there. Equally, the role of the naval patrols should be not only to stop the pirates coming off the coast of Somalia but to stop the illegal fishing and dumping of toxic waste that has created some of the preconditions for piracy in that unfortunate area.

We fully accept that we cannot intervene everywhere within the scope of the debate—that part of the discussion is where I might differ slightly from the hon. Member for Penrith and The Border (Rory Stewart)—but we have to decide where, in particular, we are going to put our weight. Like all countries, we have limited resources. Even the United States has to make a decision about where it is going to put its main focus. I was therefore slightly surprised that the Foreign Secretary's statement earlier this month had only about four lines on Tunisia—the country where the Arab spring started. Indeed, the right hon. and learned Member for Kensington (Sir Malcolm Rifkind) referred to it as the first country of the revolution. Tunisia is therefore symbolic, but it also, in many ways, fits the criteria for a country that can succeed. It has a sizeable educated population and a long secular tradition in many parts of the community, and it gave women access to the political system well in advance of other countries in the region. It had an election which, as my right hon. Friend the shadow Secretary of State indicated, had about a 90% turnout for the Constituent Assembly, and that Assembly has already met. That is the ideal country on which to focus our efforts, partly for development and partly to build capacity in the political parties.

As I said on 16 May, there is a danger that some parties are well organised because of the underground structure that they have had in opposition to previous regimes and that other parties, which represent a wide body of opinion, are less well structured. It is important that those parties are given capacity, not by banning other parties, but by ensuring that there is a level playing field between the various tendencies. That applies across the region, but Tunisia might well commend itself as significant in that respect.

In the time available to me before I give the Minister time to reply, I will make a couple of points. There has been a lot of discussion about Iran, particularly with regard to its nuclear capacity. There was an exchange between the right hon. and learned Member for Kensington and the hon. Member for Beckenham (Bob Stewart) about Russia's attitude on this matter. I think that it is true that Russia would be concerned about proliferation. However, there is a danger that it is complacent about proliferation, particularly because of its involvement in the civil nuclear programme. It might believe that it has that under control, which may or may not be true. The situation inside Iran is uncertain. There are reports tonight of another explosion at the Isfahan facility, with no indication as to the cause. There is a degree of complacency.

Finally, with regard to Libya, I take the point of the hon. Member for South Thanet (Laura Sandys) about the difficulties in transitional periods. That will be true in all of these countries, not least in Libya. I hope that the Minister will give us an update on the concerns that we have expressed before about where the surface-to-air missiles have gone. We know that there are a considerable number and that they are being looked for. This is a matter of considerable concern.

In conclusion, this is an historic period. Much progress has been made, but it will not all happen at the same speed and it will not go uninterrupted in a single direction. There will be difficulties in transition. It is clear from the debate that there is a common sentiment on both sides of the House that not only do we welcome progress, but we want to work to ensure that it is achieved. We look forward to the Minister answering many of the points that have been made in the debate and saying how he will achieve progress in real time.

9.47 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): May I pay tribute to the House for yet another interesting debate on this important subject, which will have a significant bearing on world history and our national security?

In responding to the Arab spring, neither the Government nor the House has forgotten about areas of less conspicuous but equally important instability. Members have not said a great deal about the Sahel or the horn of Africa, but I know that they have been much on colleagues' minds at other times. We are alive to the dangers to the region and to our own national security. We are working proactively with regional actors to protect against terrorism and piracy, to increase development and humanitarian assistance, and to strengthen governance. The balance of the debate has been towards Arab spring issues. The right hon. Member for Warley (Mr Spellar) pressed me for some themes. In the time available, one can either talk about countries sequentially or about themes. It is difficult to talk about both, but in my 12 minutes I will do my level best to do so.

The events of the past year have illustrated a profound change in the dynamic between Government and the governed, with a decline in the power of forceful coercion and a rise in the power of the voice and the vote. People united by a wish to exercise their rights cannot be subjugated by military force. Values have proven themselves to be the most important tool in rule by Government—the very values that we champion: transparency, accountability and respect for human rights. Those values, not ideologies or external influences, have been the most often heard cries from the street to accompany a desire for change.

We have learned that maintaining a stable and secure world order is not achieved by propping up friendly but repressive regimes. Our influence in the Arab spring has been exercised by holding true to our values, denouncing tyranny, calling for democratic transition and demanding respect for human rights. We have also learned that influence is best exercised with legitimacy, and in the company of regional actors. Our approach to the Arab spring, intervention in Libya and stabilisation in the Sahel and the horn of Africa has been collaborative. We have worked with close allies, and with the support of other states in the region.

One theme that has emerged during the conversation that we have had for the past few hours has been the renewed success of regional organisations, such as the Arab League and the Gulf Co-operation Council. We can pay tribute to their respective executive secretaries, who have done so much to contribute to the success of their organisations. We can pay tribute to the Organisation of the Islamic Conference, the United Nations for the pressure put on Iran and Syria and the African Union for its help on piracy issues. Perhaps this is a renewed period in which those organisations have come into their own. We have all appreciated what they have been able to do.

I wish to pick out some themes in the contributions of individual colleagues. I will do my best to touch on each contribution, but I apologise if I cannot. My right hon. and learned Friend the Member for Kensington (Sir Malcolm Rifkind) spoke about the difference between republics and monarchies in the recent process. Yes, that has been noticeable, but the situation has also taught us that the concept of governance is different across the piece. I suspect that we will end up with different types of governance across north Africa and the Gulf, but both systems can have the feel of consent about them. How that evolves will be fascinating.

The hon. Member for Birmingham, Northfield (Richard Burden), in an excellent speech, covered a number of matters, some of which I will mention later. He and my right hon. and learned Friend the Member for Kensington mentioned moderate Islam and the defeat that it represents for al-Qaeda. It has indeed been a defeat for al-Qaeda, whose ideology has not worked. People have been crying out for different values.

That leaves the question of how we would support Islamist Governments who might arise from democratic elections. I wish to put it on record that we recognise that reform may lead to Governments less well disposed towards the United Kingdom, but failure to support reform will only exacerbate existing and future problems including unemployment and terrorism. The crucial requirement of all parties taking part in elections is that they respect the inherent commitment to human rights, individual freedom, the rule of law and non-violence that is at the heart of democracy. Let us not be afraid of labels; let us look at what people actually stand for.

My hon. Friend the Member for Penrith and The Border (Rory Stewart) took up the theme of the structure of the Foreign and Commonwealth Office and its ability to react to events. He gave us much food for thought, but I am pleased that he recognised the reforms to diplomatic excellence that my right hon. Friend the Secretary of State is introducing, with their emphasis on the need to truly understand the countries where our diplomats work and on the importance, now more than ever, of language and in-depth knowledge of areas. I am delighted that my right hon. Friend has picked up on those matters and is working them through the Department.

My hon. Friend the Member for South Thanet (Laura Sandys) mentioned the importance of economies and economics in this whole business, as did a number of colleagues. She was absolutely right that if there is to be a firm underpinning of what has been achieved, the role of economies and their ability to expand beyond the public sector, encouraging entrepreneurs and private businesses to pick up employment, will be very important. I was pleased to be in Jordan just a few weeks ago to see the work of one of the projects that we are supporting, Oasis 500, which is also supported by His Majesty King Abdullah. It is an entrepreneurial incubator of new online companies, which is absolutely in the spirit of what we are looking for. My hon. Friend was also right about how important it will be to help stabilise Libya as it moves forward.

A number of colleagues mentioned Egypt, notably my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips). He reminded us of his original contribution to the House, in which I believe he spoke about the importance of relieving pressures in Gaza. Today, he, the hon. Member for Ilford South (Mike Gapes) and the right hon. Member for Paisley and Renfrewshire South (Mr Alexander) raised questions about Egypt. I cannot deal with them all in the time that I have, but I was asked whether we were satisfied and assured about the progress of the transfer to civilian rule. Yes, we are assured that the Supreme Council of the Armed Forces wants to ensure

that, but it has to prove that it has the ability to live up to its words. That is what is proving so difficult at the moment. The progress of the elections today and the way in which they have been welcomed by the population is very good news. The fact is that those who wanted a boycott have realised that actually the best antidote to worries about elections is to take part and ensure that your voice is heard, and that is equally important.

The right hon. Member for Paisley and Renfrewshire South raised the importance of the economy in what we are doing in Egypt. The offer is there of support through the Deauville partnership and our own Arab Partnership. We are seeking to encourage Egypt to accept loans from the IMF and other international financial institutions as soon as the political situation allows. It is very important that they recognise the offers that have been made and we should encourage them to do so.

In looking at north Africa, we should not neglect the success of Tunisia. It is remarkable that, after all the events that it began, it now constitutes a small part of our conversations because we believe and trust that it is on its way.

Several colleagues mentioned Bahrain, including the right hon. Member for Cynon Valley (Ann Clwyd) and my hon. Friends the Members for Beckenham (Bob Stewart) and for Cheltenham (Martin Horwood). The right hon. Lady and my hon. Friend the Member for Cheltenham looked at Bahrain from different aspects—the glass half full and the glass half empty. The right hon. Lady concentrated on the problems brought out by the commission, but my hon. Friend said how remarkable it was in the region that the commission should have reported at all, and that it should have done so with such remarkable honesty. I take my hon. Friend's point. It is very important that the issues raised by the right hon. Lady are addressed, but the manner in which the commissioners worked has been impressive. Now what has to be impressive is the response by Bahrain to the issues raised. It is essential that the recommendations are delivered. The United Kingdom will review the commission's findings in detail and we will identify specific areas in the recommendations it made where we can be of most assistance. The point is that if we have encouraged Bahrain to deal with these problems in this way, we should also play what part we can in trying to assist its progress. We will also call on the opposition in Bahrain to take part in a co-operative manner, because they have as much responsibility as the Government in moving forward.

Several colleagues raised the issue of Syria, and my right hon. Friend the Foreign Secretary laid out our situation clearly. The hon. Member for Glasgow North East (Mr Bain) made the point about the economy and how important it is. It is important that the merchant classes of Aleppo and Damascus recognise the alternative being offered by the Syrian opposition and we will work with them on their needs. Again, the way in which the international community has responded with sanctions has had a profound effect. The right hon. Member for Paisley and Renfrewshire South asked me about what will happen next. A 10th round of sanctions will be agreed on 1 December at the Foreign Affairs Committee, which will affect finance, banking and the oil sector, and—again—the individuals responsible for repression. Once again the pressure will be kept up, and I have tonight issued a statement about the interim report of the commission of inquiry investigating human rights abuses. The House will not be disappointed by what I have had to say.

Several colleagues mentioned the middle east peace process. The hon. Member for Birmingham, Northfield made another powerful statement about what he has seen and experienced, which illustrated the value of Members travelling and seeing things. The hon. Member for Liverpool, Riverside (Mrs Ellman) put the other side of the case, which showed that the House is capable of putting both arguments very well. The truth is that we all know very well how to say no to making progress in the middle east peace process. The cry is out for someone to know how to say yes. Everything that is raised as a stumbling block is also an opportunity to do something positive, and whether it is on settlements, borders or anything else, we must do so. The Government are determined that we should press for further negotiations to make progress.

The hon. Member for Birmingham, Northfield raised a specific issue of child prisoners. I raised issues with the Minister responsible in Israel on my last visit. We are pleased that the age of responsibility has been raised. My note says that we have not previously said publicly that shackling children is wrong. It is time I did so. Shackling children is wrong, and I am happy to say so.

Alas, there is no time to deal with a couple of other issues. I pay tribute to the continued attention that the hon. Member for Islington North (Jeremy Corbyn) pays to Western Sahara, and to those who raised the issue of Somalia.

This debate constitutes neither the beginning nor the end of our conversation on the Arab spring. It is a way station—an opportunity for the House to comment on events that mark, in terms of the Arab world, a complex mix of evolution and revolution, and changes whose consequences for the 21st century will be profound. It will be with humility that we note that we have not always made the right judgments in respect of our own relationships, so this new wave justifies an examination of ourselves as well as those areas in which the events are taking place. It is a fresh chance for all of us to consider this country's best interests in looking forward—

10 pm

Motion lapsed (Standing Order No. 9(3))

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

LEGAL SERVICES

That the draft Legal Services Act 2007 (Appeals from Licensing Authority Decisions) (No. 2) Order 2011, which was laid before this House on 15 September, be approved.—*(Mr Dunne.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

REHABILITATION OF OFFENDERS

That the draft Rehabilitation of Offenders Act 1974 (Exceptions) (Amendment) (England and Wales) (No. 2) Order 2011, which was laid before this House on 17 October, be approved.—*(Mr Dunne.)*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Wednesday 30 November, paragraph (2) of Standing Order No. 31 (Questions on amendments) shall apply to the Motions in the name of Edward Miliband as if the day were an Opposition Day—*(Mr Heath.)*

COMMITTEES

Mr Speaker: With the leave of the House, we will take motions 6, 7 and 8 together.

Ordered,

European Scrutiny

That Tony Lloyd be discharged from the European Scrutiny Committee and Sandra Osborne be added.

Northern Ireland Affairs

That Mel Stride and Gavin Williamson be discharged from the Northern Ireland Affairs Committee and Kris Hopkins and Nigel Mills be added.

Welsh Affairs

That Owen Smith be discharged from the Welsh Affairs Committee and Nia Griffith be added.—*(Mr Francois, on behalf of the Committee of Selection.)*

Vascular Services (Warrington)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Dunne.)*

10.1 pm

Helen Jones (Warrington North) (Lab): I am very grateful to have the opportunity to discuss vascular services in Warrington, and in particular the decision not to locate a vascular centre there. The review of vascular services conducted by the NHS in Cheshire and Merseyside was fatally flawed. It has no proper evidence base. It failed to engage clinicians in Warrington and Halton and it demonstrated a singular lack of transparency. It failed to adopt the open and transparent procedures used elsewhere and instead held only two meetings—one for staff and one for the public—to cover the two counties. The survey it carried out was on the internet, thus excluding many of the people in the centre of Warrington and in Halton who do not have internet access. The conclusions it drew from that survey were rather bizarre. Although people said that they valued safety first, it does not mean that the position adopted by Cheshire and Merseyside NHS makes things safer. Anyone who follows that flawed logic should not be conducting a review of services in the first place.

We have been left with a decision that will damage service at Warrington and Halton Hospitals NHS Foundation Trust and dismantle the partnership working that has been built up with St Helen's and Knowsley NHS Trust over the years. It has left unanswered some serious questions about co-dependent services and about possible increased risk and mortality elsewhere. This is a shabby little stitch-up that cannot go unchallenged. If the Minister wants to champion local decision making, it is his duty to ensure that those decisions are properly based on evidence and are reached through due process. That has not been the case here.

This review started by looking at "evac" procedure. It then mutated into a review of vascular services as a whole. It is never a good sign when that sort of slippage occurs. The review then decided that any centre must carry out a minimum of 50 open aortic aneurysm repairs and 100 carotid endarterectomies. Where is the evidence for these figures? The Royal College of Surgeons has never recommended them and many other centres operate using different minima. The suspicion is that the figures were chosen to bolster the case for two centres rather than three, yet Great Manchester will have three, as will Cumbria and Lancaster. Unless the Minister is prepared to argue that centres operating on different minima are unsafe—I do not believe that he is prepared to argue that—there is no evidence base for these figures.

Derek Twigg (Halton) (Lab): I congratulate my hon. Friend on securing this debate and on making an excellent speech. She said that the Minister will probably argue that this is a matter for local decision making but she has shown that there is no clear evidence base, so one would hope that the Minister would ensure that the matter is reconsidered.

Helen Jones: My hon. Friend is right. I want to come to some of the other evidence and how the review was carried out. The decision was eventually taken that one centre would be located in Liverpool and one at the

Countess of Chester hospital. Originally, the review panel allowed both Liverpool and Chester to take away their submissions and rewrite them from June until October, but it did not allow the same leeway to Warrington and Halton NHS trust. After protests from overview and scrutiny committees, it allowed them only seven days. That is not a fair process.

It is also clear that the review panel originally had reservations about locating a centre at Chester in partnership with Wirral university hospital. It said that

"there were a number of outstanding questions about how the proposed arterial centre would work clinically".

However, when we asked how those clinical problems have been resolved, answer comes there none.

There were other questions about the skills base, co-dependent services and possible increased mortality rates elsewhere, which it is clear from the impact assessment carried out for Warrington have not been resolved. We were left with the decision to base a centre at Chester—a decision that, I understand, was queried even by its partner at Wirral university hospital NHS trust—that has been designated the south Mersey centre. I have to tell the Minister that I was born and bred in Chester, and it is not on the Mersey but on the Dee, and it is difficult to get to it from elsewhere in the region.

The result of this decision is that centres are concentrated in a relatively small area—one in Liverpool, one in Chester and a satellite one in the centre of the Wirral. There is nothing in the review for those who live in north or east Cheshire, and as a result emergency patients from the Warrington area will now have to travel 30 miles by emergency ambulance instead of the maximum eight miles as before. Those who wish to travel by public transport will, because of the different combinations of buses and trains, be facing a journey of three to four hours. That is important because car ownership in Halton and the centre of Warrington is lower than the national average—people are reliant on public transport.

The questions about access, which were deemed to be important, have not been resolved but there are other troubling issues. It seems that the review—based, after all, on flawed evidence—will form the basis for decisions on other specialties. For example, the review stated that it was highly desirable, if not essential, that hyper-acute stroke units be located with vascular centres. That indicates that Warrington's chances of getting these services in the future are limited. However, the review also undermines existing stroke services in Warrington—services that are highly rated and delivered in partnership with St Helens and Knowsley trust. If a vascular surgeon is not to be on site, those stroke services will be undermined.

The same is true of trauma care. The review thought it desirable that in the future trauma centres be co-located with arterial centres. That would seem to be pre-judging where those services will be located in future.

As things stand, Warrington often deals with serious cases because it is at the centre of a motorway network. Many will need a vascular surgeon, as well as other specialties. The response from the review was that patients could be stabilised by a general surgeon and that a vascular surgeon would be on site within 30 minutes. Frankly, anyone who knows Warrington's traffic will know that that is absolute nonsense. The North West Ambulance Service gave evidence to the impact assessment panel about gridlock in Warrington. If the service cannot guarantee that it can get an emergency ambulance through, there is little chance of getting a surgeon through. Indeed, I have done the journey from Chester to Warrington many times, because I still have relatives there. It is not possible to do it in 30 minutes at peak time—one has to get through the traffic in Chester, go along a congested motorway and then get through the traffic in Warrington. Where on earth have those figures come from and how have they been validated?

The suspicion is that the review has been carried out in a cavalier manner in order to fit a predetermined outcome. Indeed, there are also concerns arising from the impact assessment, because the points put by clinicians in Warrington appear to have been accepted, yet nothing has been done about them. For instance, the review panel received evidence that the vascular services in Warrington were well developed and had worked over 10 years in partnership with St Helens and Knowsley trust. The panel accepted that it was desirable to maintain that partnership and that disrupting it was contrary to practice elsewhere in the NHS. The panel said that it hoped that the partnership would be maintained. However, the clinicians in the St Helens and Knowsley trust had already given the panel evidence showing that it could not be maintained if the recommendations of the review were accepted, because transfer times and transport difficulties would mean having to partner with Liverpool.

Similarly, the North West Ambulance Service gave evidence showing that it could not guarantee ambulance response times in Warrington if it had to transfer patients from Warrington to Chester. The service's figures were accepted by the impact assessment panel, which then said that it was drawing the matter to the attention of commissioners as a cost not yet planned for. Where will the extra money come from to fund extra ambulance services in Warrington, given that the NHS is already expected to take cuts of £20 billion? If the Minister wants to get up and promise us extra money for Warrington ambulance services, we would be very pleased to hear from him, but I do not think he can.

Similarly, the ambulance service drew attention to the fact that Warrington is uniquely prone to gridlock, because if an accident happens on the motorway system, it can gridlock the whole town. The response from the panel was that gridlock was "challenging". Not being able to get an emergency ambulance through is not challenging; it is life-threatening. Indeed, it is really quite arrogant to dismiss the concerns of those responsible for transferring patients in that way.

However, worse was to come. The clinicians from Warrington and Halton—who, at this stage in the process, were now being consulted for the first time—gave evidence about the impact of removing vascular services on other specialities. In particular, they were concerned about the problems of ensuring support for vascular injury in other surgical procedures and invasive specialities. The panel then said that the volume of patients needing to be transferred could become "unmanageable". It also said that the number of patients whose services would be disrupted might be greater than the small number who would see an improvement. All that was asked of the review panel was that it should publish its evidence at the same time as its implementation plan. Frankly, that is the wrong way round: if the evidence is not there, there should not be an implementation plan to start with.

Derek Twigg: My hon. Friend is most generous in giving way again. I am sure that she will discuss this further, but the areas covered by the two hospitals—Whiston, Warrington and Halton; and Knowsley, St Helens and the centre of Warrington—are some of the most deprived boroughs in the country, and yet the services are being transferred to one of the most affluent parts of the north-west. Does she not think that an odd way to deal with populations that suffer the most ill health?

Helen Jones: I agree. One thing that the review appears not to have looked at properly is the incidence of these sorts of vascular illnesses and where the centres should be located to deal with them.

Another interesting issue is that clinicians told the panel that more and more patients would need to be transferred over time as a result of not having vascular services on site. In fact, one clinician on the panel expressed the view that the

"lives at risk in these situations, equalled, or outweighed those saved by the anticipated improvements."

I have to ask what sort of service improvement it is that can put more lives at risk. Evidence was also given about the difficulty of maintaining cancer services without support from vascular surgeons—Warrington is a centre for renal cancer—about the difficulty of maintaining limbs compromised by diabetes without having those surgeons on site and about the waste of resources, with Warrington having invested in new facilities. It has the most modern vascular lab in the region and the only fully compliant one. That will go to waste if vascular services are transferred, and we will spend millions elsewhere in providing new services on another site.

In short, what we have is a proposal that breaks an existing working partnership—one that has provided highly rated services—that could harm co-dependent services, that could impact on ambulance transfer times in a way that puts other patients in Warrington at risk and that wastes services. In the end, it will seriously damage services at Warrington hospital. In fact, I am told that a consultant interventional radiologist who had already been appointed has now declined to come because of this decision. Yet an implementation plan is going ahead even before we have begun the consultation. That is no consultation at all.

I ask the Minister to look at this seriously. I will support changes in services where they can be shown to improve patient care. I cannot support them where there is no evidence that they will improve patient care and there is a lot of evidence that they will damage patient care in other specialties. The ultimate responsibility, I say to the Minister, is his. I have agreed with Mrs Thatcher on only one thing—when she said:

"Advisers advise, and Ministers decide."

He has to look very seriously at what has been going on here and he needs to act before other services in Warrington are damaged.

10.17 pm

The Minister of State, Department of Health (Mr Simon Burns): I congratulate the hon. Member for Warrington North (Helen Jones) on securing this debate, and I totally agree that it is important for patients to have access to high-quality vascular services. I know that she is an active campaigner locally on health issues and a strong supporter of local health services.

The hon. Lady has raised a number of issues about the current review of vascular services in Cheshire and Merseyside. I appreciate that her constituents may be concerned about proposed service changes and want to be assured that they will have access to these services. Due to the shortage of time available, I hope she will forgive me if I do not go into the detail of the background at national level of all that the Government and the NHS are doing on vascular services, health checks, screening and so forth. I would like to address the situation in her constituency that she has raised. If I do not have enough time to provide all the answers to her questions, I assure her that I will write to her.

Currently, the commissioning of complex vascular services varies. In some areas, they are commissioned by regional specialised commissioning groups, but in others they are commissioned by individual primary care trusts. Evidence shows that, in order to maintain the safety and quality of these services, it is better that they are commissioned for larger populations.

There is robust evidence, highlighted by the work of the Vascular Society of Great Britain and Ireland, which shows that patient outcomes are best when complex vascular care is delivered by units that treat higher volumes of patients. In response to that evidence and national screening for abdominal aortic aneurysms, vascular services are being reviewed locally across England.

Reflecting that approach, in June 2010, the NHS in Cheshire and Merseyside embarked on a review of the way in which vascular services are delivered. It deals with non-cardiac vascular services for conditions such as abdominal aortic aneurysms, strokes and mini-strokes. Cardiac services continue, and will continue, to be provided in local hospitals in Cheshire and Merseyside. Vascular services are provided by nine district hospitals across Cheshire and Merseyside, including Warrington hospital in the hon. Lady's constituency.

The review proposes that local hospitals should work in partnership to deliver the range of vascular services, with arterial complex interventional radiology and emergency surgery being carried out in a small number of arterial centres. Out-patient clinics, initial investigations and follow-up treatment will continue to be provided in local hospitals, including hospitals in Warrington and Halton. Patients with a vascular emergency will be taken to their nearest local hospital—unless the referring GP suggests otherwise—where they will be stabilised. If they require further emergency or arterial surgery, they will be transferred to the arterial centre. I have been informed that vascular surgeons will be based at local hospitals as well as arterial centres, which will ensure that patients can have access to their expertise.

Helen Jones: How many vascular surgeons will be based at Warrington, and what kind of rota will there be? The Minister knows as well as I do that problems occur with rotas when those surgeons are not available.

Mr Burns: Given that I want to deal with some of the other points raised by the hon. Lady, may I write to her about that? Given the shortage of time, I suspect that I shall also have to write to her about a number of other issues.

The Cheshire and Merseyside vascular review project board led the review, and was advised by a clinical advisory group consisting of local clinicians, including

some from Warrington. The group developed a set of standards that each vascular network would need to meet, along with locally agreed minimum activity thresholds. They were considered in the light of the size of the population served by Cheshire and Merseyside. On the basis of advice from the clinicians, the project board concluded that, given the clinical activity and population size, it would be best for two vascular networks to serve populations in north and south Mersey, and that each network should have its own arterial centre.

In January 2011, the project board undertook a pre-consultation of local people, which included public and NHS staff meetings. They presented the pre-consultation to the local overview and scrutiny committees in every local authority across Cheshire and Merseyside, and wrote to local MPs, including the hon. Lady and, I assume, the hon. Member for Halton (Derek Twigg) and my hon. Friend the Member for Warrington South (David Mowat). In October 2011, the board provided the commissioners in Cheshire and Merseyside with a report setting out its findings and recommendations. The report proposed that the arterial centre in the north Mersey network should be based at Royal Liverpool university hospital, while the arterial centre in the south Mersey network should be based at either Warrington hospital or Countess of Chester hospital. However, the final decision was left to commissioners.

The two joint bids for the south Mersey network from the Warrington and Chester trusts were presented to the clinical commissioning group chairs in Runcorn, Widnes, Warrington, Wirral and Western Cheshire. The commissioning groups, including Warrington, unanimously decided to recommend to the PCT cluster board that the arterial centre for the south Mersey network should be based at Countess of Chester hospital. I understand that they felt that the joint bid from Chester and Wirral contained the most credible plan for developing a networked vascular service for the populations of Warrington, Halton, Western Cheshire and Wirral, while facilitating a full range of local hospital services. I appreciate the hon. Lady's concerns about the impact on Warrington hospital of the arterial centre being located at Chester. I understand the project board commissioned an impact assessment of the changes on Warrington, which highlighted a number of issues, but it concluded that these could be mitigated. The proposals have been considered by the Cheshire, Warrington and Wirral and Merseyside primary care trust cluster boards, which have supported the project board's recommendations, subject to formal public consultation.

The proposals will also be subject to gateway review and national clinical advisory team assessment, as well as assurance from NHS North West that they meet my right hon. Friend the Secretary of State for Health's four tests for service change: the proposals must demonstrate strengthened public and patient engagement; be based on sound clinical evidence; there must be support from GP commissioners; and there must be consideration of patient choice.

David Mowat (Warrington South) (Con): The Minister is describing in some detail the process by which the nine centres that previously existed are to be reduced to two, and we can, perhaps, accept the logic of that. This is a piecemeal decision for one type of service, however. If every centralisation decision is taken in a piecemeal way, Warrington and Halton might well lose every single time. When decisions on centralisation are made, should there not be some kind of strategy for deciding what will end up where, so that every decision is not made on a piecemeal basis?

Mr Burns: If my hon. Friend means by "piecemeal" that the decision is dealing only with a certain part of the country, then that is indeed the case. However, the review was carried out in the context of a wider geographical area in and around Merseyside, and in that respect it is achieving its aim of finding the most relevant service for the local communities. That is why the recommendation was to have two arterial centres located there.

The hon. Member for Warrington North raised the issue of population, as she believes, I think, that there should be a third centre. The following point is based on advice from both the Vascular Society of Great Britain and Ireland and the local clinical advisory group. The population in the area under discussion in respect of this decision on services is 1.2 million, whereas the figures that would be required to have a third centre are 1.4 million for the vascular networks and 1.6 million for abdominal aortic aneurysm screening programmes. Therefore, the population currently under discussion is too small to warrant an extra centre. I hope she will accept that.

Derek Twigg: Will the Minister give way?

Mr Burns: No, as there is not sufficient time.

On the proposals for consultation, I have been assured by NHS North West and the PCT cluster boards that an implementation steering group will ensure that the recommendations made in the impact assessment are taken forward. The final proposals will be subject to formal public consultation in 2012.

I appreciate that the hon. Lady and her constituents have concerns about the proposals for vascular services. However, I should stress that these proposals have been developed by the NHS in Cheshire and Merseyside based on advice by clinicians made in the light of best practice recommendations by the Vascular Society of Great Britain and Ireland. I therefore encourage her to take the opportunity to discuss the proposals with the Cheshire and Warrington and Wirral PCT cluster boards while they are being prepared for formal consultation, which will take place next year, as I mentioned earlier.

Question put and agreed to.

10.29 pm

House adjourned.

House of Commons

Tuesday 29 November 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

LONDON LOCAL AUTHORITIES BILL [*LORDS*] *(BY ORDER)*

Consideration of Bill, as amended, opposed and deferred until Wednesday 7 December at 4 o'clock (Standing Order No. 20).

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON (NO. 2) BILL [*LORDS*] *(BY ORDER)*

TRANSPORT FOR LONDON (SUPPLEMENTAL TOLL PROVISIONS) BILL [*LORDS*] *(BY ORDER)*

Second Readings opposed and deferred until Tuesday 6 December (Standing Order No. 20).

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

Syria

1. **Chris Evans** (Islwyn) (Lab/Co-op): What recent discussions he has had with his EU counterparts on Syria. [83281]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): I speak regularly with my EU colleagues about Syria—most recently at the EU Foreign Affairs Council on 14 November, where we agreed a further round of sanctions on Syria.

Chris Evans: This week, we have heard Turkey call for President Assad to step down. Will the Foreign Secretary give us an update on how secure President Assad's position is in Syria?

Mr Hague: It is not very secure. We absolutely agree with the Turkish Government. Indeed, my right hon. Friend the Prime Minister called in August for President Assad to step aside. We believe that the regime has lost all legitimacy, certainly in the eyes of the world, but clearly in the eyes of millions of its own people as well. So the regime should now understand that it has no future, that democracy should be introduced in Syria, and the regime should leave office.

Mr Philip Hollobone (Kettering) (Con): What conclusions have the Foreign Secretary and his EU counterparts reached on Iran's involvement in propping up the Syrian regime?

Mr Hague: There is no doubt that Iran has been involved in trying to prop up the Syrian regime. Iran is a country that has supported popular revolution in other parts of the middle east but then has been happy to collude in trying to repress such revolution in Syria—its ally. It has helped with technical equipment, expertise and advice on how to help the regime to deal with the situation, and it shows a hypocritical approach to events in the middle east.

Emma Reynolds (Wolverhampton North East) (Lab): Turkey is a vital ally of the United Kingdom and, indeed, the European Union. What discussions did the Prime Minister have with the Turkish President last week on what further specific measures Turkey can take to exert additional pressure on the Syrian Government?

Mr Hague: We discussed this at some length—the Prime Minister with the President—and I discussed it with the Turkish Foreign Minister in the margins of the state visit. We are all working closely—Turkey and the European Union nations—with the Arab League. Turkey is considering a range of measures that it could take on Syria, but, as the hon. Lady knows, the Arab League has led the way at the moment in announcing sanctions. I would not be surprised if further measures now follow from Turkey, on the basis of the discussions that we had last week.

Jo Swinson (East Dunbartonshire) (LD): I very much welcome the EU sanctions and, indeed, those from the Arab League, particularly in the light of the very grim UN report, showing that Syrian Government forces have killed at least 256 children. Following the recent visit to London by Syrian opposition representatives, what more can the UK and our EU partners do to support the development of a cohesive and peaceful political opposition in Syria?

Mr Hague: Cohesive and peaceful are two very important words. I met two separate groupings of the Syrian opposition last week: the Syrian National Council and the national co-ordinating body—a different grouping of the opposition. I encouraged them to find a common and cohesive platform together—at this extreme moment in their nation's history, it is important for them to work together—and to maintain non-violent resistance to the Assad regime, to maintain their support around the world.

EU Economy

2. **Mr David Ruffley** (Bury St Edmunds) (Con): What recent representations he has received on the implications for his Department's policies of economic conditions in the EU. [83283]

The Minister for Europe (Mr David Lidington): I have had a number of recent meetings with representatives of British business who have emphasised the immediate need for eurozone countries to act to restore stability to their currency and the need for the entire European Union to adopt policies to encourage growth and job creation through open markets and less-costly regulation.

Mr Ruffley: Under the treaty on the functioning of the European Union, the financial transaction tax would have to go to the Council of Ministers, which requires unanimity. Will the Minister confirm that Her Majesty's Government will veto the new Franco-German euro tax that will only damage the City of London?

Mr Lidington: My right hon. Friend the Chancellor of the Exchequer made it quite clear at the most recent ECOFIN meeting that we would reject an EU financial transfer tax, and he was supported in his opposition by 11 other member states.

Mr Wayne David (Caerphilly) (Lab): Can the Minister tell us what practical actions his Government have taken to encourage our European partners to complete the single European market?

Mr Lidington: I have discussed this in the past two weeks with senior members of the Commission, and I have encouraged them to introduce measures under the Single European Act. Yesterday, in Berlin, other Ministers and I talked to our German counterparts about joint action both to deepen the single market and to reduce the cost of regulations, especially for small and medium-sized businesses.

Mr Peter Bone (Wellingborough) (Con): What discussions has the Minister had with his continental cousins about the fact that the euro is burning while Brussels is fiddling? Would it not be much better to have an orderly withdrawal from the euro, rather than the crisis that we have at the moment?

Mr Lidington: I think, as my hon. Friend would admit in private, the idea that the eurozone can somehow be dismantled in an orderly manner is rather far-fetched. The collapse of the euro and a prolonged recession in the eurozone would do profound damage to hopes for growth and job creation in the United Kingdom. It is our largest single trading partner.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): Could the Minister for Europe tell the House how work on the Government's stated aim of repatriating powers from the European Union is progressing?

Mr Lidington: My right hon. Friend the Prime Minister made it clear to the British people in his Mansion House speech the other week that we need a rebalancing of responsibilities in the European Union, with some things being done, yes, at the centre, but more things being done by member states in future. That work is ongoing.

Mr Alexander: Perhaps the Minister for Europe could be a little more forthcoming. How many staff in the Foreign Office are working full-time on this endeavour, will there be a White Paper on the repatriation of powers, and when, indeed, could the House expect such a publication?

Mr Lidington: I am afraid that the right hon. Gentleman will have to contain his excitement for a little longer. That work is ongoing, and of course, we shall keep Parliament acquainted with progress on it.

Tibet

3. **Nic Dakin** (Scunthorpe) (Lab): What representations he has made to the Chinese Government following recent self-immolations in Tibet. [83284]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): The Minister of State, Foreign and Commonwealth Office, my hon. Friend the Member for Taunton Deane (Mr Browne), raised our concerns about the increasing number of self-immolations in Tibetan areas with the Chinese Vice Foreign Minister in Beijing earlier this month.

Nic Dakin: I advise the House of my entry in the Register of Members' Financial Interests.

Recently, I met the Dalai Lama, who made clear his concern that all involved should work for a peaceful solution in line with the middle way. Does he share that approach?

Mr Hague: We are seriously concerned about recent reports that young monks and nuns in Tibetan areas of Szechuan province have immolated themselves. As I said, we have taken that up with the Chinese Vice Foreign Minister, and with the Chinese embassy in London. We encourage, of course, the resolution of grievances that have led to that situation. We will continue to encourage the Chinese Government to take that constructive approach.

Sir Malcolm Rifkind (Kensington) (Con): As the Chinese Government have been able to recognise and respect the autonomy of both Hong Kong and Macau in the People's Republic, should they not allow autonomy for Tibet, to ensure that, within the People's Republic, its unique culture and identity are properly respected and recognised, and will the Government try to encourage it to do so?

Mr Hague: My right hon. and learned Friend makes a very fair point indeed. As he knows, we recognise Tibet as part of the People's Republic of China, but we call for meaningful dialogue between the representatives of the Dalai Lama and the Chinese authorities in the interests of autonomy in future. Of course, we always call for respect for human rights.

Martin Horwood (Cheltenham) (LD): I am sure that the Foreign Secretary welcomed China's recent recognition of the aspirations and rightful demands of the Syrian people. Does he think that that is a positive development, as China may be beginning to realise that repression does not deliver genuine stability, and it should have the confidence to recognise the aspirations and rightful demands of the Tibetan people, too?

Mr Hague: Such language is positive and I continue to believe, as I said in the House yesterday, that the veto of our proposed UN resolution on Syria by Russia and China was a mistake and did not take into account the legitimate aspirations of the people of Syria. On the question of Tibet, we encourage the meaningful dialogue of which I spoke a moment ago.

Equatorial Guinea

4. **Steve Baker** (Wycombe) (Con): What assessment he has made of the implications for the governance of Equatorial Guinea of the recent constitutional referendum in that country. [83286]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): We do not have an ambassador based in Equatorial Guinea, but we have an ambassador based in Cameroon who visits regularly and takes a close interest in developments there. He often raises directly issues such as human rights, good governance and lack of social development. We also raise those issues through the EU and the UN.

Steve Baker: As the Minister knows, hon. Friends and I published an excoriating report after our visit to Equatorial Guinea in the summer. Does he agree that certain principles of good governance, such as democracy, liberty and the rule of law, are universal and eternal?

Mr Bellingham: I agree that those principles are vital and they are ones on which we will focus and put a huge amount of emphasis. I thank my hon. Friend for his report, and I pay tribute to him and his colleagues for their energy and open-mindedness in reporting back to the Foreign Office on that visit.

Mr David Lammy (Tottenham) (Lab): Can the Minister update the House on the Government's assessment of growing concern about the position in Malawi—unrest, autocratic rule and real oppression?

Mr Bellingham: I am grateful to the right hon. Gentleman for raising that. Although we are talking about Equatorial Guinea, I was in Zambia recently and had a chance not to visit Malawi, but to have an assessment of what was going on there. We are very concerned indeed about the way in which the Malawi Government evicted our high commissioner, but a high level delegation from Malawi recently came to the Foreign Office and we were able to have candid discussions with them. My right hon. Friend the Foreign Secretary made it clear that there are certain measures that need to be put in place before we resume normal diplomatic relations.

Mr Speaker: The Minister is both well travelled and, as he has just shown, dextrous in his response to questions.

Paul Flynn (Newport West) (Lab): May we assume from the Minister's reply that the Government's policy now is to encourage contacts with countries with records on human rights as despicable as that of Equatorial Guinea, and that hon. Members should accept private invitations for five-star business class visits paid for by the Governments?

Mr Bellingham: We have full diplomatic relations with Equatorial Guinea. We never hold back in telling that Government about our concerns regarding human rights and lack of good governance, and we have made it clear to the Government of Equatorial Guinea that they have a per capita income of $15,000 a year, yet that masks extremes of wealth between the very rich and the very, very poor. I welcome hon. Members going there with an open mind and reporting back to us.

Iran

5. **Yvonne Fovargue** (Makerfield) (Lab): What recent discussions he has had with his EU counterparts on Iran. [83287]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): We worked closely with our EU partners in responding to the International Atomic Energy Agency report about the Iranian nuclear programme, and I hope we will reach further conclusions on Iran at this week's Foreign Affairs Council.

Yvonne Fovargue: What work are the Government doing to protect the safety and security of Foreign and Commonwealth Office staff in Iran, following the decision this week of Iran's Parliament to call for drastic cuts in diplomatic ties? Will the Government respond to that with similar action if that call is agreed to by the Guardian Council?

Mr Hague: The hon. Lady is right to raise the issue. The Iranian Parliament voted on Sunday to downgrade relations with the United Kingdom. As she says, the further decision of the Guardian Council is awaited. I have made it clear that if they go ahead with that, we will respond robustly. We will do so in consultation with our European Union partners. There is no Iranian ambassador currently here in London. The embassy is headed by a chargé so we are not able to respond exactly in kind, but we will respond in other ways and we will do so robustly.

Mr John Baron (Basildon and Billericay) (Con): Given that the latest International Atomic Energy Agency report provides no concrete evidence of a nuclear weapons programme—there is no smoking gun—does the Foreign Secretary accept that implied threats of military force could be counter-productive in that they could rally the people behind the hard-liners and drive whatever programme there is further underground?

Mr Hague: To be clear, the IAEA report of earlier in November speaks of its serious concerns at credible information about Iran's nuclear weapons programme, so we should be clear about that. As my hon. Friend knows, we are not advocating military action. We are pursuing a twin-track approach of being open to meaningful negotiations but increasing the peaceful and legitimate pressure on Iran through sanctions, and we will continue with that approach.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I welcome the Government's newly announced sanctions in response to Iran's nuclear programme. Ahead of the right hon. Gentleman's forthcoming meeting with European counterparts in December to discuss the issue, what is he doing to encourage financial institutions across Europe to take action?

Mr Hague: The Government made an important announcement on that a week ago. Last Monday my right hon. Friend the Chancellor announced that the British financial sector is required to sever all financial ties with Iranian banks. Similar action is being taken by the United States and Canada. I expect some other nations to follow suit and, as I mentioned earlier, we are now discussing within the European Union additional measures that will follow shortly.

Afghanistan

6. **Jason McCartney** (Colne Valley) (Con): What the outcomes were of the Istanbul conference on the future of Afghanistan. [83288]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): The principal outcome of the conference, which I attended on behalf of the United Kingdom, was an agreement by Afghanistan's regional partners on the future of Afghanistan, involving commitments to non-intervention, to the inviolability of its borders and to support Afghan-led efforts on reconciliation and the political process. The group has agreed to meet again in June next year.

Jason McCartney: Given that Pakistan is vital to Afghanistan's security, how will the Government assess the impact on relationships between Pakistan, Afghanistan and the United States, bearing in mind the tragic incident over the weekend involving NATO forces?

Alistair Burt: It was tragic indeed. My right hon. Friend the Foreign Secretary spoke with the Foreign Secretary of Pakistan on 26 November to convey the United Kingdom's condolences to the families of those involved and to the armed forces and people of Pakistan. We support an urgent inquiry by the international security assistance force into the circumstances and encourage Pakistan to take part. In the meantime, all parties should do their utmost to rebuild trust and confidence between them and take no action that would make that more difficult.

Meg Munn (Sheffield, Heeley) (Lab/Co-op): The Minister will recall that I wrote to him a year ago having met a number of Afghan women MPs who were extremely concerned about the future and who regularly put their lives at risk in seeking to represent people in their country. What is he doing to ensure that the rights of women in Afghanistan will be supported in future?

Alistair Burt: If I do not remember the individual letter, I certainly remember the sentiments, which have been echoed by a good number of colleagues over the past few months. Yesterday I received a delegation of non-governmental organisations expressing their concerns about this and a large petition. We have ensured that the Minister for Equalities, my hon. Friend the Member for Hornsey and Wood Green (Lynne Featherstone), the Minister responsible for combating violence against women, will attend the Bonn conference with my right hon. Friend the Foreign Secretary and that commitments to women in Afghanistan will be uppermost in our presentations. It is vital that the situation for women does not go backwards in Afghanistan and that the Government honour their commitment to equality.

Mark Lancaster (Milton Keynes North) (Con): Will conditions be attached to the withdrawal of our provincial reconstruction team in Helmand, such as an increase in the capacity of provincial government in the region, or will the team simply be withdrawn in line with the removal of combat troops by 2015?

Alistair Burt: We fully expect that the withdrawal of the provincial reconstruction team and those who support it will be in line with the timetable announced. We welcome the fact that further districts of Helmand were included last week in President Karzai's announcement of a further tranche towards transition. We of course keep the closest watch on conditions on the ground, but so far our assessment is that the timetable will be able to be kept.

Mr John Spellar (Warley) (Lab): I welcome the Minister's responses, but this was clearly the precursor to next week's conference in Bonn on the future of Afghanistan. What are the Government's objectives for the conference?

Alistair Burt: Our objectives are to fulfil the three themes of the conference: to look at future commitments from the international community to Afghanistan; to support the political process; and to discuss civilian transition in Afghanistan. It is a very important conference and we hope that all parties will be able to attend. It is not a NATO conference, for example, and we hope that it will be possible for Pakistan to send representatives, as its future security is intimately bound up with that of Afghanistan.

Mr Spellar: May I also thank the Minister for his very full response to my hon. Friend the Member for Sheffield, Heeley (Meg Munn) on protecting the significant gains that women have made in Afghanistan? What are the Government doing to ensure that the voices of Afghan women are heard at that conference and in subsequent discussions?

Alistair Burt: I appreciate the right hon. Gentleman's questions. Civil society in Afghanistan and women's involvement in it are growing. We have made representations over a lengthy period to the Government of Afghanistan to ensure that their own delegation includes a significant number of women representatives, which it will do, and they will voice their aspirations. Our delegation has also ensured that those issues are well up on the agenda, and it is important that the advances made by women in recent years, including that of 2.5 million girls now going to school, are not knocked backwards.

Somaliland

7. **Alun Michael** (Cardiff South and Penarth) (Lab/Co-op): What progress has been made towards establishing a process to resolve the status of Somaliland. [83289]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): Our position on recognising Somaliland is well known, but of course we understand fully the aspirations of the Somaliland people. The Somali people themselves must decide their future, but in the meantime we urge Somaliland to play a very full role in the Somali peace process. It is for neighbouring countries and the African Union generally to take a lead in responding to any changed political circumstances.

Alun Michael: I understand the position that the Minister has spelt out, but does he agree that everybody, including the transitional federal Government in the south, needs to respect and acknowledge 20 years of relative peace and exemplary democratic development in Somaliland, which means that we need a process that

enables Somaliland, as the Minister has suggested, to be a part of the solution to the problems in the horn of Africa?

Mr Bellingham: The Prime Minister has called an international conference on Somalia, which will take place on 23 February, and of course Somaliland will be invited. I recently had a meeting with President Silanyo and extended that invitation to him, and he indicated to us that he may well attend. It would be a very important step forward if Somaliland played a really full role in the Somali peace process.

Tony Baldry (Banbury) (Con): Will my hon. Friend confirm that, if the Somalilanders take part in next February's London conference, they will be able to do so without prejudice to their claim for de jure status, and that if they come to London they will be afforded the courtesy of separate talks with him and my right hon. Friend the Foreign Secretary, so that they might put forward in detail why they believe they should be granted de jure status?

Mr Bellingham: Somaliland will certainly be invited, and I hope that it will accept the invitation. It is very important that all the different parts of Somalia attend the conference and play a full role, and we also expect the main Intergovernmental Authority on Development—IGAD—countries and a number of other international players to attend. I simply say to President Silanyo and to Somaliland that we understand their aspirations, which they need to push in such a way that it looks as though they are being constructive in the wider Somali peace process.

Iran

8. **Jonathan Reynolds** (Stalybridge and Hyde) (Lab/Co-op): What assessment he has made of the risks to regional stability posed by Iran. [83290]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): Iran's nuclear programme and its support for terrorism are serious threats to stability in the middle east. We and many other nations are resolute in our response to those threats, and Iran must show that it is serious about addressing international concerns—or face increasing isolation and pressure.

Jonathan Reynolds: Given Iran's involvement in the brutal Syrian crackdown, as well as its support for Hezbollah, the threat to Lebanese security and yesterday's assertion that Egypt could be the new Iran, is the Foreign Secretary concerned that a nuclear-armed Iran would further be able to curtail freedoms in the region?

Mr Hague: Yes, of course. There are many dangers in a nuclear-armed Iran, the prime one being that Iran is a signatory to the non-proliferation treaty, that it would be a great breach of that treaty, and that nuclear proliferation throughout the middle east might then multiply greatly and become a threat to the peace of that region and to the world. The hon. Gentleman is also correct to argue, however, that a nuclear-armed Iran could feel in a stronger position to pursue other activities that were against the peace and the human rights of other countries in the region.

Jack Lopresti (Filton and Bradley Stoke) (Con): In tackling Iran's nuclear programme, the international community must present a united front. Russia and China retain extensive trade links with Iran and appear unsupportive of additional UN sanctions. What progress have the Government made on persuading those other states to introduce and to implement robustly tougher sanctions on Iran?

Mr Hague: It is important to recognise that Russia and China have supported all the United Nations Security Council resolutions that have been passed so far on this subject, and that they are part of the so-called E3 plus 3 process of negotiation with Iran. Those countries have certainly played their part in this. It is true, however, that they are not currently in favour of further tightening of the sanctions regime on Iran. We will continue to discuss that with them, but in the meantime we are pursuing tighter sanctions with the United States, Canada and the European Union in the ways that I described earlier.

Mr Nigel Dodds (Belfast North) (DUP): In the context of sanctions, diplomatic efforts and intergovernmental discussions, does the Foreign Secretary agree that public opinion here in the United Kingdom, and across Europe and the west, is extremely important, and that more needs to be done to explain the exact nature of the threat that Iran poses to the public so that the public come along with whatever we are trying to do?

Mr Hague: Yes, I fully take that point from the right hon. Gentleman. I think there is a very wide recognition of this issue. However, since it is a matter of escalating tension, and certainly of escalating pressure from our point of view over the coming months, we will make every effort to explain its importance and why we cannot simply ignore it.

Robert Halfon (Harlow) (Con): Is my right hon. Friend aware that Hezbollah continues to be funded both with money and weapons, and that last night it launched four missiles from Lebanon on to Israel? Will he take urgent steps to ensure that the Lebanese Government fulfil United Nations resolution 1701?

Mr Hague: Yes, it is deeply concerning that rocket fire has again taken place from Lebanon into Israel. I believe that it is the first time since October 2009 that we have seen such rocket fire. We strongly condemn any such action that stokes tension in the region, and we urge restraint on all sides.

Trade within Africa

9. **Chi Onwurah** (Newcastle upon Tyne Central) (Lab): What recent progress his Department has made in promoting trade within Africa. [83291]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): When I was in Zambia, Mozambique and Namibia earlier this month, I saw for myself the excellent work that officials from the Foreign and Commonwealth Office and the Department for International Development are undertaking in support of our African partners to improve the conditions

for intra-African trade. The African free trade initiative remains the main vehicle for Her Majesty's Government's efforts on this important issue.

Chi Onwurah: I thank the Minister for his response. There are still many obstacles to trade in Africa, including transport, trust relationships and intra-regional trade barriers, that countries such as China seem to be much more successful at overcoming. After his Nigerian mission in July, the Prime Minister pledged the UK to work with Nigeria and other partners towards enhanced west African trade integration. Will the Minister update us on progress?

Mr Bellingham: Yes, indeed. The hon. Lady is absolutely right. Trade between sub-Saharan African countries currently stands at 14% of the region's total trade, compared with Europe's 60%. That is why DFID is making £160 million available to support the African free trade initiative. We have made good progress in east Africa with the east African trademark and in southern Africa with the Southern African Development Community trademark, and we are now looking to make similar progress in the west of Africa.

Pauline Latham (Mid Derbyshire) (Con): How often does the Minister take trade delegations out to countries in Africa, and what criteria does he use to select the countries that he goes to and the businesses that go along with him?

Mr Bellingham: My hon. Friend is absolutely right to raise this. We are putting a huge amount of emphasis not only on breaking down these trade barriers but on making sure that UK businesses are fully aware of the opportunities available. UK Trade & Investment is now being not just reactive but very proactive in identifying companies that might be able to get contracts in Africa. It costs five times as much to send a container from Mombasa to Bujumbura as it does to send one from Tokyo to Mombasa.

South Kordofan and the Blue Nile States

10. **Helen Jones** (Warrington North) (Lab): What recent assessment he has made of the situation in South Kordofan and the Blue Nile states. [83292]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): We are very concerned about the ongoing violence in South Kordofan and the Blue Nile states. We are working very closely with our international partners to push for an immediate cessation of hostilities, full humanitarian access, and the establishment of an agreed process to address the root causes of violence in both states.

Helen Jones: I am grateful to the Minister for that answer, but given the role that Britain has played in trying to resolve this conflict, will he tell the House what pressure is being brought to bear on Khartoum to end the conflict in both regions, to allow full humanitarian access and to return to the terms of the comprehensive peace agreement?

Mr Bellingham: I had the chance to visit Khartoum in July. I had a meeting with Sudan's Foreign Minister, at which I made it very clear that the lack of humanitarian access, the lack of progress on the CPA and the action on both sides of sponsoring proxies were completely unacceptable. We also robustly condemned the recent bombing of Yida and Quffa. We need a negotiated political settlement to move this issue forward.

Turkey

11. **John Howell** (Henley) (Con): What assessment he has made of the UK's relationship with Turkey; and if he will make a statement. [83293]

The Minister for Europe (Mr David Lidington): Turkey is a key partner in trade and investment, and in building international security. Last week's state visit by President Gul demonstrated the vitality of our bilateral relationship.

John Howell: Economic growth in Turkey was 9% last year and its trade in goods with the UK is expected to reach £9 billion this year. Should not those be clinching factors in ensuring that we have a positive relationship with Turkey, and that the EU does not foolishly turn its back on that country?

Mr Lidington: We strongly support Turkey's ambitions for EU accession. We think that Turkish membership of the EU would be extremely good news for the single market and for British and wider European business opportunities.

Ann Clwyd (Cynon Valley) (Lab): When the Turkish Foreign Minister met the Foreign Affairs Committee last week, he brought a representative all-party group of Members of Parliament with him on the delegation. Is that not a good idea? Why does the Foreign Secretary not take a cross-party group of Members of Parliament with him to the Bonn conference on the future of Afghanistan, particularly with regard to the issue of women in Afghanistan?

Mr Lidington: I think that my right hon. Friend the Foreign Secretary can speak with confidence not just on behalf of the Government but for the strong cross-party consensus in this House for a peaceful, constructive and democratic future for Afghanistan.

Mr David Burrowes (Enfield, Southgate) (Con): Does the Minister agree that a key aspect of the UK's relationship with Turkey is its responsibility to Cyprus as a guarantor power? Will the Government ensure that the opportunities arising from the exploration of hydrocarbon reserves on the coast of Cyprus are fully respected, and that the resulting benefits for all Cypriots are fully preserved?

Mr Lidington: Like all countries that are signed up to the UN convention on the law of the sea, we support the right of the Republic of Cyprus to exploit its exclusive economic zone. We continually urge the leaders of both communities in Cyprus to work actively towards a settlement.

Mr Andrew Love (Edmonton) (Lab/Co-op): Further to the Minister's previous comment, Cyprus would have been high on the Government's agenda in their discussions

with President Gul last week. We have to break the current deadlock in the talks. What more can the Government do to foster that aim? Will it include inviting the President of Cyprus to London?

Mr Lidington: It has not yet been possible to arrive at a date for President Christofias to visit London, but there is no objection in principle to that happening. Our role is to encourage and support the leaders of both communities to work with the Secretary-General of the United Nations to reach a comprehensive settlement. That is in the interests of every community in Cyprus.

Middle East

12. **Bob Blackman** (Harrow East) (Con): What recent assessment he has made of the status of the middle east peace process; and if he will make a statement. [83294]

13. **Mr Rob Wilson** (Reading East) (Con): What recent assessment he has made of the political situation in Palestine; and if he will make a statement. [83295]

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): We continue to support the resumption of negotiations on a two-state solution, based on the timetable set out by the Quartet. Political will and leadership are needed from both sides to break the current impasse. We welcome the progress that the Palestinian Authority has made in building the institutions of a functioning state. We continue to call on Israel to revoke its decisions to withhold tax revenues and to accelerate the construction of settlements. We remain concerned about the impact of the restrictions on Gaza.

Bob Blackman: I thank my right hon. Friend for that answer. Does he agree that it is time that the Palestinians returned to meaningful negotiations with the Israeli Government to ensure that there is a proper peaceful settlement, as we would all wish, rather than pursuing admission to the UN?

Mr Hague: It is absolutely time for both sides to return to meaningful negotiations. The framework for that now exists, with the timetable set out by the Quartet at the end of September. Under that timetable, by 26 January both sides are meant to present their own substantive proposals on borders and security. I of course encourage the Palestinians to do that without preconditions, but I also encourage Israel to do so in a decisive and convincing manner.

Mr Wilson: The humanitarian crisis is still ongoing in Gaza. What action is my right hon. Friend taking to support trade and the banking system, to help the economy grow, and to ensure that ordinary people have the basic services that they need for a decent life?

Mr Hague: We are clear that more needs to be done on Gaza. Israel's decision to move from a list of 120 permitted goods to a list of specific prohibited items was a positive step, but there has been no fundamental change in the crossings regime or in the economic stagnation of Gaza. We are working alongside our colleagues in the European Union to try to achieve some real changes on the ground, and that means helping Israel to meet its target of reaching pre-2007 levels of exports, with resumed access to traditional markets.

Jeremy Corbyn (Islington North) (Lab): It is very hard to see how there can be any confidence in Israel's proposals while the settlements continue, the settler roads and the wall continue to be built, there is not free movement of Palestinians on the west bank, and the encirclement of Gaza continues. Will the Foreign Secretary put real pressure on the Israeli Government not just to stop settlement building but to remove all the settlements from the west bank?

Mr Hague: The Israeli Government are in no doubt about opinion in this country and the opinion of this Government about that. Settlements on occupied land are illegal. We are very clear about that and have condemned recent decisions to accelerate settlement building, and I condemn them again today. That is a mistake by Israel, which does not bring peace any closer or help us arrive at a two-state solution. The right approach for Israel now is to embrace the negotiations of which I have spoken, and to do so in a decisive and generous spirit.

Richard Burden (Birmingham, Northfield) (Lab): The current situation on negotiations is that the Quartet has asked both sides to put forward proposals on security and borders. The Palestinians have put forward initial proposals, but Israel has failed to do so. If we get to 26 January, the end of that period, and settlements continue to be built and there has been no progress in negotiations, what will the Foreign Secretary's view be of Palestine's application for full membership of the United Nations?

Mr Hague: There have been initial proposals from Palestinians, but both sides are required to present more substantive proposals by 26 January. If that does not happen and the Quartet process does not succeed, the peace process will be entering a new crisis and a very troubling and concerning phase. I do not want to anticipate now how we will react to that in future at the United Nations. I set out our current position in my statement of 9 November.

Richard Ottaway (Croydon South) (Con): In view of the complete lack of trust between Israel and Palestine, we have to dig deep to find common ground between the two sides. Does my right hon. Friend agree that in the short term we should focus on confidence-building measures to provide a platform for the resumption of negotiations in the future?

Mr Hague: Yes, all confidence-building measures will be welcome; indeed, the Quartet and its representative Tony Blair have often worked on them. We would welcome such measures alongside the Quartet process of which I have been speaking, but we still have not seen any such measures in recent times.

John Woodcock (Barrow and Furness) (Lab/Co-op): Has the Foreign Secretary ruled out accepting that Hamas can be part of any peace process unless and until it signs up to the Quartet principles?

Mr Hague: Hamas rules itself out by its behaviour at the moment, there is no doubt about that. That is the current position. Of course, there is discussion of Palestinian reconciliation. As the hon. Gentleman knows, we talked about that in the House yesterday. We look to a reconciled and new Palestinian Authority to have independent figures in it, to respect non-violence, to be in favour of a two-state solution and to respect previous agreements made by the Palestine Liberation Organisation.

Bosnia and Herzegovina

14. **Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): What recent assessment he has made of the political situation in Bosnia and Herzegovina. [83296]

The Minister for Europe (Mr David Lidington): We are very concerned about the limited progress that Bosnia and Herzegovina has made over the past year in implementing the reforms necessary for both EU and NATO accession.

Eric Ollerenshaw: Given that we have now had nearly 14 months without the formation of any Government in Bosnia, does my right hon. Friend think that we, neighbouring states or the international community could be doing anything extra before there is very serious economic damage to that country, on top of the political instability?

Mr Lidington: We continue to urge on the leaders of all political parties in Bosnia and Herzegovina the need for urgent progress to establish that state-level Government. I talked about that to EU Special Representative Peter Sørensen and the international community's representative, Valentin Inzko, a week ago. Every actor with influence on the Balkans needs to work towards greater stability in Bosnia and Herzegovina.

Mr Denis MacShane (Rotherham) (Lab): Yesterday two German soldiers were shot and wounded by Serb thugs in northern Kosovo. It is a huge problem. Will the Minister and the Foreign Secretary appeal to President Tadic, whether it is in Bosnia and Herzegovina or in Kosovo, to assume responsibility? The proposed talks next week about Serbia joining the EU cannot get under way so long as there is no democratic law-and-order authority in Kosovo—or, indeed, in Bosnia and Herzegovina.

Mr Lidington: I deplore the incident that the right hon. Gentleman described, and I discussed it with my German counterpart yesterday. The Commission's report on EU enlargement clearly sets out the fact that Serbia needs to address its relations with its neighbours if it is to make progress towards EU accession, as it hopes to do.

Topical Questions

T1. [83306] **Mr Aidan Burley** (Cannock Chase) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): Tomorrow and Thursday I will attend the EU Foreign Affairs Council, where we will discuss Egypt, Syria, Yemen and the European neighbourhood policy, and we will also examine the latest developments in the western Balkans and in the middle east peace process.

Mr Burley: In his last middle east statement the Foreign Secretary called on the Israeli Government to make a more decisive offer than any that they have been willing to make in the past. Israel made profound offers during the peace talks, unilaterally withdrew from Gaza and has accepted the Quartet's peace initiative. What representations has my right hon. Friend made to the Palestinian Authority to make similar genuine efforts towards peace?

Mr Hague: It is very important, as we discussed a moment ago, that both sides embrace the opportunity of negotiations and respond to the Quartet timetable of substantive proposals by 26 January. In my view, that requires Israel to make that decisive offer, but it also requires Palestinians not to set preconditions for entering into such negotiations, and both sides to have the necessary spirit of compromise.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I join the Government in deploring the Iranian Government's recent threats to downgrade diplomatic relations between Iran and the United Kingdom, and I welcome the sanctions imposed by the Chancellor of the Exchequer, which cut all ties with Iranian banks. Will the Foreign Secretary confirm whether those recent measures cover foreign subsidiaries of British banks, and foreign banks operating in the UK?

Mr Hague: The measures apply to the UK financial sector—to credit and financial institutions here in the United Kingdom. They do not, therefore, apply to foreign banks that happen to operate in the United Kingdom. Of course, the necessary defining measures will set that out in detail. The sanctions will be quite far-reaching, particularly as we are joining the United States and Canada in the measures, and I expect other countries to join in as well.

T2. [83307] **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): Does my right hon. Friend agree that the European Union has centralised too much power, and that it should be one of the Government's stated aims to return powers and competences to London from Brussels as soon as possible?

Mr Hague: Certainly, it is true that the European Union has not only too much centralised power but too much power in total, in my view. As my hon. Friend knows, I have long stated that I wish to see the repatriation of powers to the United Kingdom.

T3. [83308] **Mr Tom Clarke** (Coatbridge, Chryston and Bellshill) (Lab): During the visit of President Santos of Colombia, did we, the British Government, make representations about the appalling human rights situation in that country, particularly the attacks on and killings of human rights defenders? If so, did he give a concrete response?

Mr Hague: Yes, I can assure the right hon. Gentleman that we raised those issues. I raised them myself with President Santos at my meeting with him last week.

The Colombian Government are well aware of opinion in this country about those issues. However, it is fair to point out that Président Santos's Government are very clear about their commitment to human rights and have made a renewed, much stronger, commitment in Colombia to their observance in that country. I believe in his Government's sincerity and their commitment to dealing with those issues.

T7. [83315] **Mr Rob Wilson** (Reading East) (Con): As small businesses in my constituency are keen to export goods and services to new markets, what is the Foreign Office doing to develop business and trade opportunities overseas?

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): UK Trade & Investment is reinvigorating its efforts not just to increase foreign direct investment in the UK but to encourage firms to export all round the world. That is one reason why the Foreign Office has gone ahead with its network shift, so we have 50 new people in China, for example, and we have new missions including four new embassies in Africa.

T4. [83310] **Robert Flello** (Stoke-on-Trent South) (Lab): I heard what the Secretary of State said about the commitment by President Santos on human rights abuses in Colombia. May I press the Foreign Secretary on that? Before we go ahead with programmes such as "Britain open for business" and others that support commerce between the two countries, will he ensure that, as far as possible, there are not only binding commitments but observed improvements?

Mr Hague: Yes, there are already observed improvements in the behaviour and performance of the Colombian authorities in this regard. The UK and Colombia signed a joint statement on human rights during the president's visit, so we never underestimate the importance of this issue. Our strong engagement with Colombia and our commitment to strong bilateral relations with it are part of encouraging the continued improvement in human rights observance by the Colombian Government. These strategies fit together.

Caroline Dinenage (Gosport) (Con): What does my right hon. Friend see as the political implications of recent events in Egypt?

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): My right hon. Friend has made repeated requests of the Egyptian authorities that they should announce a timetable for a rapid move from military to civilian rule. To that extent the elections yesterday, and the pride with which a huge number of people took part in them, are a very important step in the process. We wish it well, and we wish to see the transition to civilian rule move as quickly as possible.

T5. [83313] **Alun Michael** (Cardiff South and Penarth) (Lab/Co-op): What assessment have Ministers made of the current political situation in Moldova, especially in view of the news of a delay in electing a new president?

The Minister for Europe (Mr David Lidington): The further delay in electing a new president is dismaying, but we welcome the fact that the 5 plus 2 talks are due to commence formally again very soon. It is in the interests of the whole of Europe for Moldova to move as swiftly as possible towards entrenching democracy, human rights and the rule of law.

Tim Farron (Westmorland and Lonsdale) (LD): Will my right hon. Friend act urgently to ensure that much more humanitarian aid reaches the Syrian refugees currently in Lebanon, and will he also act to bring about an international arms embargo covering all UN states to ensure that Syria is not armed further?

Mr Hague: We are certainly assisting: Ministers at the Department for International Development have committed a sum of £20 million to support international organisations helping with the relief of humanitarian suffering in or around Syria. My hon. Friend will understand that humanitarian access in Syria is one of the great problems, because of the appalling behaviour of the regime, which means that we are not able to get that help to all the people who want it. Syria should certainly no longer be purchasing any arms from any EU country.

T6. [83314] **Graham Jones** (Hyndburn) (Lab): At the end of October the Foreign Secretary announced plans to put guards on merchant vessels. Yesterday he said that action would be taken briskly, but did not confirm a time scale. *[Interruption.]* Will he today confirm what has happened since October, especially with regard to the establishment of procedures, protocols and various rules? When can we expect to see the pledge fulfilled? *[Interruption.]*

Mr Speaker: Order. I understand that the House is excited, but I am sure that when the Foreign Secretary traverses the globe his statements are greeted in respectful silence. It would be magnificent if that could happen here as well.

Mr Hague: Yes, that is universally the case, Mr Speaker—particularly with announcements on tackling piracy, which the hon. Gentleman asked about. The Department for Transport has, in consultation with the shipping industry, produced national guidance for maritime security contractors. He may be happy to learn that this is due to be announced and published later this week. The regulation will require such companies to comply with DFT guidance and to apply to the Home Office for licence to carry firearms. This is an important change in our policy with regard to tackling piracy, and it will soon be able to take effect.

Karl McCartney (Lincoln) (Con): Does my right hon. Friend agree that we should use our presidency of the Council of Europe to push through reform of the European Court of Human Rights, so that it does not consider cases that have been properly considered by national courts but concentrates instead on serious and systemic human rights abuses?

Mr Lidington: That is the clear top priority of the British chairmanship of the Council of Europe, which I discussed with members of the Parliamentary Assembly and the secretary-general last Friday.

Mr Frank Roy (Motherwell and Wishaw) (Lab): The Secretary of State will be aware that there are hundreds of journalists lying in Turkish jails without trial or sentences. Some of them have been there for nearly nine years. When the Secretary of State next meets his Turkish counterpart, will he mention this distasteful situation?

Mr Hague: Yes, Mr Speaker. Human rights are at the core of our foreign policy all over the world. The hon. Gentleman raises an important issue, which we have of course discussed with Turkey. However, as he raises the matter now, I will make a particular point of mentioning it again at our next meeting.

Angie Bray (Ealing Central and Acton) (Con): What representations did Ministers make to the Turkish President when he was visiting the country recently about continuing human rights abuses in Turkey? Some 70 journalists are currently in prison, which is a worrying trend.

Mr Hague: I refer my hon. Friend to the answer that I gave a moment ago.

Barry Gardiner (Brent North) (Lab): The Foreign Secretary will be aware that 90% of the species for which the UK has responsibility reside outside the UK in the overseas territories. They are therefore not the responsibility of the Department for Environment, Food and Rural Affairs but of his Department. Given that that 90% are his responsibility, can he assure the House that he is spending nine times as much as DEFRA on protecting biodiversity?

Mr Bellingham: We had a very successful overseas territories consultative council last week. The hon. Gentleman is absolutely right about the biodiversity issue, and I can assure him that we are putting a huge amount of emphasis on it. We spent £15 million last year on biodiversity and environmental schemes in the overseas territories; they are a key priority of the overseas territories.

Joseph Johnson (Orpington) (Con): Does the Foreign Secretary want to welcome the announcement by New Delhi on Friday of the partial opening up of the vast Indian retail sector to foreign supermarket groups such as Tesco, which has been a key objective of UK commercial diplomacy for many years?

Mr Hague: Yes, my hon. Friend points to a very important development. We have long advocated the liberalising and the opening up of the Indian economy. This will be vastly beneficial to the people of India and to the growth of trade. We want to see progress made on a free trade agreement between India and the whole of the European Union.

Mark Durkan (Foyle) (SDLP): Of all the principal concerns and exhortations that the Foreign Secretary has conveyed to the Israeli Government, to which, if any, have they paid most attention?

Mr Hague: I hope, of course, that they will pay attention to the entirety of our representations, and to the strong feeling in this House and across the world that it is important to make a decisive move to reach a two-state solution to help to avoid the future strategic isolation of Israel. It is, therefore, the entirety of our representations that I would urge upon them.

Duncan Hames (Chippenham) (LD): I share the Foreign Secretary's concerns about the restrictions on Gaza. He reports that fewer than half of the agreed 15,000 vehicles a month are making it across the border to improve the humanitarian situation there. Most recently, Israel's Deputy Foreign Minister spoke of further restrictions on energy and even water supplies in Gaza. Will the Foreign Secretary urge the Israeli Government to reject such collective punishments of the people in Gaza?

Alistair Burt: I was in Gaza a few months ago and able to observe the pressures on the state. I visited a United Nations Relief and Works Agency school to see the difficulties there. We will indeed continue to urge Israel to ease the restrictions on goods going in, because it is to the political and economic benefit of Gaza and Israel if that situation is eased.

Joan Ruddock (Lewisham, Deptford) (Lab): Two thirds of Afghan women think that their lives have improved, but nine tenths fear a return to a Taliban-style Government. When Ministers meet their counterparts in Bonn next week, will they make it clear that Afghan women's rights must not be traded away in any future peace agreement?

Mr Hague: Yes, this is a very important issue. I shall be leading the UK's delegation to Bonn next week, and we will underline that point in the make-up of our ministerial team, in everything that we say about the importance of human rights in Afghanistan, and in reiterating what I have said before—that a sustainable peace in Afghanistan will not be achieved without the extensive and wholehearted commitment of the women of Afghanistan.

Nick de Bois (Enfield North) (Con): During the UK's presidency of the Council of Europe, will the Foreign Secretary make arrangements for himself and the Prime Minister to visit the island of Cyprus, particularly at this crucial time in the talks?

Mr Hague: Clearly, we are heavily committed during our presidency of the Council of Europe, but my hon. Friend can be sure that we will visit Cyprus, because in the second half of next year it will hold the presidency of the European Union. We will be there, and I shall, of course, attend the regular meetings of Foreign Ministers that take place in whichever country holds the presidency. The answer to his question, therefore, is yes.

John Cryer (Leyton and Wanstead) (Lab): Does the Foreign Secretary think that getting rid of elected Governments, in any circumstances, is a price worth paying for saving the euro?

Mr Hague: It is important, of course, that all Governments across the EU remain fully democratically accountable to their Parliaments and people, and so far as I am aware, that continues to be the case.

Autumn Statement

12.31 pm

The Chancellor of the Exchequer (Mr George Osborne): Let me start by placing squarely before the House of Commons and the British public the economic situation facing our country. Much of Europe now appears to be heading into a recession caused by a chronic lack of confidence in the ability of countries to deal with their debt. We will do whatever it takes to protect Britain from this debt storm while doing all we can—*[Interruption.]*—all we can to build the foundations of future growth.

Today we set out how we will do that by demonstrating that the country has the will to live within its means and keep interest rates low; by acting to stimulate the supply of money and credit to ensure that those low interest rates are passed on to families and businesses; by matching our determination on the deficit with an active enterprise policy for business and lasting investment in our infrastructure and education so that Britain can pay its way in the future; and at every opportunity by helping families with the cost of living.

The central forecast that we publish today from the independent Office for Budget Responsibility does not predict a recession here in Britain, but it has unsurprisingly revised down its short-term growth prospects for our country, for Europe and for the world. It expects gross domestic product in Britain to grow this year by 0.9% and by 0.7% next year. It then forecasts 2.1% growth in 2013; 2.7% in 2014; followed by 3% in 2015 and 3% again in 2016.

The OBR is clear that this central forecast assumes that

"the euro area finds a way through the current crisis and that policymakers eventually find a solution that delivers sovereign debt sustainability".

If they do not, the OBR warns that there could be a "much worse outcome" for Britain. I believe that it is right. We hope that this can be averted, but if the rest of Europe heads into recession, it may prove hard to avoid one here in the UK.

We are now undertaking extensive contingency planning to deal with all potential outcomes of the euro crisis. Like the Bank of England and the OECD yesterday, the OBR cites the chilling effect of the current instability as one of the central reasons for the reduction in its growth forecast. I want to thank Robert Chote and his fellow committee members, Stephen Nickell and Graham Parker, and their team for the rigorous work that they have done. Their forecast today demonstrates beyond any doubt their independence, but—*[Interruption.]* This is an important point for the House. If we accept their numbers, we must also pay heed to their analysis. In addition to the eurozone crisis, the OBR gives two further reasons for the weaker forecasts. The first is what it calls the "external inflation shock"—the result, in its words, of

"unexpected rises in energy prices and global agricultural commodity prices".

The OBR's analysis—independent—is that this explains the slow-down in growth in Britain over the past 18 months. Secondly, the independent OBR—*[Interruption.]*

Mr Speaker: Order. The statement by the Chancellor must be heard, and he should not have to fight to be heard.

Mr Osborne: Secondly, the OBR today has shown new evidence that an even bigger component of the growth that preceded the financial crisis was an unsustainable boom, and that the bust was deeper and had an even greater impact on our economy than previously thought. The result of that analysis is that the OBR has significantly reduced its assumptions about spare capacity in our economy and the trend rate of growth. That increases the OBR's estimate of the proportion of the deficit that is structural—in other words, the part of the deficit that does not disappear even when the economy recovers. Our debt challenge is therefore even greater than we thought, because the boom was even bigger and the bust even deeper, and the effects will last even longer. Britain has had the highest structural budget deficit of any major economy in the world and the highest deficit in the entire history of our country outside war—and the last Government left it to this Government to sort that mess out.

The OBR's analysis feeds directly through to borrowing numbers that are falling, but not at the rate that had been forecast. In 2009-10, the last Government were borrowing £156 billion a year. During the first year of this Government, that fell to £137 billion. This year the OBR expects it to fall again, to £127 billion, then to £120 billion next year, followed by £100 billion in 2013-14, £79 billion in 2014-15, then £53 billion in 2015-16 and £24 billion a year by 2016-17. However, I can report that because of the lower market interest rates that we have secured for Britain, debt interest payments over the Parliament are forecast to be £22 billion less than predicted.

The House might also like to know, given the economic events described by the Office for Budget Responsibility, what would have happened to borrowing without the action that this Government have taken. The Treasury today estimates that borrowing by 2014-15 would have been running at well over—*[Interruption.]*

Mr Speaker: Order. I am sorry, I know that the Chancellor is proceeding, but his statement must be heard. There are strong passions on this subject. There will be plenty of time for people to come in on the back of the statement, but the statement must be heard with a degree of courtesy.

Mr Osborne: The Treasury today estimates that borrowing by 2014-15 would have been running at well over £100 billion a year more and that Britain would have borrowed an additional £100 billion in total over the period. If we had pursued that path, we would now be in the centre of the sovereign debt storm.

The crisis we see unfolding in Europe has not undermined the case for the difficult decisions we have taken; it has made that case stronger. We held our deficit-reduction Budget on our terms last year, not on the market's terms this year, as so many others have been forced to. In that Budget we set out a tough fiscal mandate: that we would eliminate the current structural deficit over the five-year forecast horizon. We supplemented the mandate with a fixed debt target: that we would get national debt as a proportion of national income falling

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by 2015-16. To be cautious, I set plans to meet both those budget rules one year early. That headroom has now disappeared, but I am clear that our rules must be adhered to, and I am taking action to ensure that they are. As a result, the OBR's central projection is that we will meet both the fiscal mandate and the debt target.

The current structural deficit is forecast to fall from 4.6% of GDP this year to become a current structural surplus of 0.5% in five years' time, and the debt-to-GDP ratio, which is forecast to stand at 67% this year, is now set to peak at 78% in 2014-15 and to be falling by the end of the current Parliament. So borrowing is falling, and debt will come down. It is not happening as quickly as we wished, because of the damage done to our economy by the ongoing financial crisis, but we are set to meet our budget rules, and we are going to see Britain through the debt storm.

There is a suggestion from some in the House that if you spend more, you will borrow less. That is something-for-nothing economics, and the House should know the risks that we would be running. Last April, the absence of a credible deficit plan meant that our country's credit rating was on negative outlook and our market interest rates were higher than Italy's; 18 months later, we are the only major western country whose credit rating has improved. Italy's interest rates are now 7.2%, and what are ours? They are less than 2.5%. Yesterday we were even borrowing money more cheaply than Germany. Those who would put all that at risk by deliberately adding to our deficit must explain this.

Just a 1% rise in our market interest rates would add £10 billion to mortgage bills every year: 1% would mean that the average family with a mortgage would have to pay £1,000 more; 1% would increase the cost of business loans by £7 billion; 1% would force taxpayers to find an extra £21 billion in debt interest payments, much of it going to our foreign creditors. In other words, 1% dwarfs any extra Government spending or tax cut funded by borrowing that people propose today—and that is the cost of just a 1% rise. Italy's rates have gone up by almost 3% in the last year alone. We will not take this risk with the solvency of the British economy and the security of British families.

The current environment requires us to take further action on debt to ensure that Britain continues to live within its means. This is what we propose to do. First, there is no need to adjust the overall totals set out in the spending review. Taken all together, the measures that I will set out today require no extra borrowing and provide no extra savings across the whole spending review period. Secondly, I am announcing significant savings in current spending to make the fiscal position more sustainable in the medium and long term; but in the short term—over the next three years—we will use these savings to fund capital investments in infrastructure, regional growth and education, as well as help for young people to find work. Every pound spent in this way will be paid for by a pound saved permanently. That includes savings from further restraint on public sector pay.

For some work forces the two-year pay freeze will be coming to an end next spring, and for most it will be coming to an end during 2013. In the current circumstances, the country cannot afford the 2% rise assumed by some Government Departments thereafter, so instead we will set public sector pay awards at an average of 1% for each of the two years after the pay freeze ends. Many people are helped by pay progression—the annual increases in salary grades to which many are entitled even when pay is frozen. That is one of the reasons why public sector pay has risen at twice the rate of private sector pay over the last four years. While I accept that a 1% average rise is tough, it is also fair to those who work to pay the taxes that will fund it. I can also announce that we are asking the independent pay review bodies to consider how public sector pay can be made more responsive to local labour markets, and we will ask them to report back by July next year. This is a significant step towards the creation of a more balanced economy in the regions of our country which does not squeeze out the private sector. Mr Speaker—*[Interruption.]* Departmental budgets will be adjusted in line with the pay rises I have announced, with the exception of the NHS and school budgets, where the money saved will be retained in order to protect those budgets in real terms. This policy will save over £1 billion in current spending by 2014-15.

The deal we offer on public sector pensions is also fair to both taxpayers and public servants. The reforms are based on the independent report of John Hutton, a former Labour Pensions Secretary, and he says:

"It is hard to imagine a better deal"

than this. I would once again ask the unions why they are damaging our economy at a time like this and putting jobs at risk. I say call off the strikes tomorrow, come back to the table, complete the negotiations and let us agree generous pensions that are affordable to the taxpayer.

Let me turn to other areas of public spending, starting with overseas aid. This Government will stick by the commitments they have made to the poorest people in the world by increasing our international development budget—and the whole House should be proud of the help our country is providing to eradicate disease, save lives and educate children—but the spending plans of the Department for International Development meant that the UK was on course to exceed 0.7% of national income in 2013. That I do not think can be justified and so we are adjusting those plans so we do not overshoot the target.

Turning to welfare payments, the annual increase in the basic state pension is protected by the triple lock introduced by this Government. This guarantees a rise either in line with earnings, prices or 2.5%, whichever is greater. It means that the basic state pension will next April rise by £5.30 to £107.45—the largest ever cash rise in the basic state pension and a commitment of fairness to those who have worked hard all their lives. I wanted to make sure that poorer pensioners did not see a smaller rise in their income, so I can confirm today that we will also uprate the pension credit by £5.35 and pay for that with an increase in the threshold for the savings credit.

I also want to protect those who are not able to work because of their disabilities and those who, through no fault of their own, have lost jobs and are trying to find work, so I can confirm that we will uprate working-age benefits in line with September's consumer prices index inflation number of 5.2%. That will be a significant boost to the incomes of the poorest, especially when inflation is forecast to be considerably less than that by

next April. We will also uprate with prices the disability elements of tax credits, and increase the child element of the child tax credit by £135 in line with inflation too. But we will not uprate the other elements of the working tax credit this coming year; and given the size of the uprating this year, we will no longer go ahead with the additional £110 rise in the child element, over and above inflation, that was planned. By April 2012, the child tax credit will have increased by £390 since the coalition came into power. The best way to support low-income working people is to take them out of tax altogether, and our increases in the income tax personal allowance this year and next will do that for over 1 million people.

Let me turn to future public spending. Today, I am setting expenditure totals for the two years following the end of the spending review period: 2015-16 and 2016-17. Total managed expenditure will fall during that period by 0.9% a year in real terms—the same rate as set out for the existing period of the spending review, with a baseline that excludes the additional investments in infrastructure also announced today. These are large savings and we will set out in future how resources will be allocated between different areas of government.

I am also announcing a measure to control spending which is not for today or next year, or even for the next decade, but it directly addresses the long-term challenge Britain and so many other countries face with an ageing population. Our generation has been warned that the costs of providing decent state pensions are going to become more and more unaffordable unless we take further action.

Let us not leave it to our children to take emergency action to rescue the public finances; let us think ahead and take responsible, sensible steps now. Starting in 2026, we will increase the state pension age from 66 to 67, so that we can go on paying a decent pension to people who are living longer. Australia, America and Germany have all taken similar steps. This will not affect anyone within 14 years of receiving their state pension today. By saving a staggering £59 billion, it will mean a long-term future for the basic state pension.

We are showing a world that is sceptical that democratic western Governments can take tough decisions that Britain will pay its way in the world. That is the first thing that the Government can do in the current environment: keep our interest rates low and protect our country from the worst of the debt storm. But we need to make sure that those low interest rates are available to families and to businesses. It is monetary and credit policy that is, in a debt crisis, the principal and most powerful tool for stimulating demand.

Last month, the Bank of England's Monetary Policy Committee decided to undertake further quantitative easing, and I have authorised an increase in the ceiling on its asset purchases to £275 billion. This will support demand across the economy, but we must do more to help those small businesses who cannot get access to credit at an affordable price.

We have already extended the last Government's enterprise finance guarantee scheme, and we are today expanding it to include businesses with annual turnovers of up to £44 million and accrediting new lenders, such as Metro Bank. But this scheme is by itself not nearly ambitious enough and never will be within the constraints of state aid rules, so the Government are launching a major programme of credit easing to help small business. We have set a ceiling of £40 billion. At the same time, I have agreed with Mervyn King that we will reduce by £40 billion the asset purchase facility that the previous Government gave the Bank to buy business loans. Only a small proportion of the facility was ever used. I am publishing my exchange of letters with the Governor today.

We are launching our national loan guarantee scheme. It will work on the simple principle that we use the hard-won low interest rates that the Government can borrow at to reduce the interest rates at which small businesses can borrow. We are using the credibility that we have earned in the international markets to help our domestic economy. New loans and overdrafts to businesses with a turnover of less than £50 million will be eligible for the scheme, so that it stays focused on smaller companies. We expect that it will lead to reductions of 1 percentage point in the rate of interest being charged to these companies, so a business facing a 7% interest rate to get a £5 million loan could instead see its rate reduced to 6% and its interest costs fall by up to £50,000.

We have developed with the Bank of England a mechanism to allocate funding to different banks based on how much they increase both net and gross lending to firms. There will be a clear audit trail to ensure the banks comply, for we will use the experience of the European Investment Bank's loans for SMEs programme here in the UK to ensure that it works. We are getting state aid approval, so that the national loan guarantee scheme will be up and running in the next few months. Initially, £20 billion-worth of these guarantees will be available over the next two years. Alongside it, we are also launching a £1 billion business finance partnership. That is aimed at Britain's mid-sized companies—a crucial part of our economy, neglected for too long and now identified by the CBI director general and others as a future source of growth. The Government will invest in funds that lend directly to these businesses, in partnership with other investors such as pension funds and insurance companies. It will give these mid-cap companies a new source of investment outside the traditional banks.

If the business finance partnership takes off, I stand ready to increase its size; and we will develop further partnerships ideas and ideas for new bond issuance to help Britain's small and medium-sized companies. No Government have attempted anything as ambitious as this before. We will not get every detail perfect first time round, but we do not want to make the best the enemy of the good. With the strain on the financial system increasing, the important thing is to get credit flowing to Britain's small businesses.

The Government can use the low interest rates that we have secured to help young families, too, who want to buy a home but cannot afford the very large deposits that banks are now demanding. We will use mortgage indemnities to help 100,000 such families to buy newly built homes. We will also help construction firms that cannot get bank finance with a £400 million fund that will kick-start projects that already have planning permission; and we are going to reinvigorate the right to buy. This was one of the greatest social policies of all time. It brought home ownership within the reach of millions of aspiring families. It was slowly and stealthily strangled by the last Government, as discounts were cut

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and cut again. We will bring it back to life. Families in social housing will be able to buy their own homes at a discount of up to 50%. We will use the receipts to build, for every home purchased, a new additional affordable home—so new homes for families who need them; new home ownership for families who aspire to it; and new jobs in the construction industry, so that we get Britain building. That is what our new right to buy will bring.

In the years leading up to the crash, our economy became dangerously over-dependent on the success of a poorly regulated City of London. Meanwhile, employment by businesses in a region such as the west midlands actually fell. By 2007, the previous Government were relying on finance for £1 in every £8 raised in taxation. That left Britain completely exposed when the banks failed, and I can confirm that, next month, we will publish our response to the report that we commissioned from John Vickers to protect taxpayers better.

It is this Government's policy to ensure that we remain the home of global banks and that London is the world's pre-eminent financial centre. That is why we will not agree to the introduction of an EU financial transaction tax. It is not a tax on bankers; it is a tax on people's pensions. Instead, we have introduced a permanent bank levy to make sure that the banks pay their fair share. I have always said that we wished to raise £2.5 billion each and every year from this levy. To ensure we do that, I need to raise the rate of the levy to 0.088%. That will be effective from 1 January next year. We will also take action to stop some large firms using complex asset-backed pension funding arrangements to claim double the amount of tax relief that was intended. This will save the Exchequer almost £500 million pounds a year.

Financial services will always be a very important industry for the UK, but we have to help other parts of the private sector in other parts of the country to grow. That means uncongested roads and railways for businesses to move products that cannot be reduced to a screen on a City trading floor. It means providing secure power sources at reasonable prices. It means creating new superfast digital networks for companies across our country. These do not exist today. If we look at what countries such as China or Brazil are building, we see why we risk falling behind the rest of the world. So today we are publishing the national infrastructure plan. For the first time, we are identifying over 500 infrastructure projects that we want to see built over the next decade and beyond: roads, railways, airport capacity, power stations, waste facilities and broadband networks. We are mobilising the finance needed to deliver them, too.

The savings that I have announced in the current Budget have enabled me today to fund, pound for pound, £5 billion of additional public spending on infrastructure over the next three years. New spending by Network Rail, guaranteed by the Government, will bring £1 billion more. We are committing a further £5 billion to future projects in the next spending period, so that the planning can start now. This is public money. By exploring guarantees and letting city mayors borrow against future tax receipts, we are looking for new ways to deploy it. But we need to put to work the many billions of pounds that British people save in British pension funds and get those savings invested in British projects. You could call it British savings for British jobs, Mr Speaker.

The Government have negotiated an agreement with two groups of British pension funds to unlock an additional £20 billion of private investment in modern infrastructure. We can today give the go-ahead around the country to 35 new road and rail schemes that support economic development. In the north-west, we will electrify the trans-Pennine express between Manchester and Leeds, build the Manchester airport and Crewe link roads and work with Merseyside to turn the vision of the Atlantic gateway into reality. In Yorkshire and Humber, there will be new stations and new tram capacity, and we will halve the tolls on the Humber bridge. I want to pay tribute to my hon. Friends the Members for Beverley and Holderness (Mr Stuart) and for Brigg and Goole (Andrew Percy), and indeed other local MPs who have campaigned for years to make this happen. Under this Government it has.

In the north-east, we will bring forward investment on the Tyne and Wear Metro. In the midlands, the A45, the A43, the A453, the Kettering bypass, the M1 and M6 will all be improved. In the south-west, the Bristol link road and the A380 bypass will go ahead. For families across the south-west facing the highest water charges in Britain, the Government will cut the household bills of all South West Water customers by £50 a year. In the east of England, we are going to make immediate improvements to the A14. In the south-east, we will build a new railway link between Oxford, Milton Keynes and Bedford that will create 12,000 new jobs. We are going to start working on a new crossing of the lower Thames, and we will explore all the options for maintaining the UK's aviation hub status, with the exception of a third runway at Heathrow.

Here in London, we will work with the Mayor on options for other new river crossings, for example at Silvertown. We are going to support the extension of the Northern line to Battersea, which could bring 25,000 jobs to the area. Devolved Administrations in Scotland, Wales and Northern Ireland will get their Barnett share, and we are working with them to improve the links between our nations, such as the M4 in south Wales and the overnight rail service to north of the border.

This all amounts to a huge commitment to overhauling the physical infrastructure of our nation. We will match it by overhauling the digital infrastructure, too. The Government are funding plans to bring superfast broadband to 90% of homes and businesses across the country, and extend mobile phone coverage to 99% of families. This will help to create a living, economically vibrant countryside.

Our great cities are at the heart of our regional economies, and we will help bring world-leading, superfast broadband and wifi connections to 10 of them, including the capitals of all four nations. We will go ahead with the 22 enterprise zones already announced, plus two further zones in Humber and Lancashire confirmed today. I can also confirm that capital allowances of 100% will be available to encourage manufacturing and other industries into the zones in Liverpool, Sheffield, the Tees valley, Humber and the black country. Those allowances will also be available to the north-eastern enterprise zone, and we will consider extending to the

port of Blyth to create new private sector jobs there, too. *[Interruption.]* This Government's new regional growth fund for England has already allocated £1.4 billion to 169 projects around the country. For every one pound we are putting in, we are attracting six pounds of private sector money alongside it. I am today putting a further £1 billion over this Parliament into the regional growth fund for England, with support as well for the devolved Administrations. If we do not get the private sector to take a greater share of economic activity in the regions, our economy will become more and more unbalanced, as it did over the last 10 years.

Government should not assume that this will happen by itself. We must help businesses to grow and succeed, and we can do that at a national level too, with our commitment, for example, to British science. At a time of difficult choices, we made ours last year when we committed to protect the science budget. Today we are confirming almost half a billion pounds for scientific projects, from supercomputing and satellite technology to a world-beating animal health laboratory, and Government can encourage many more of our small firms to export overseas for the first time. We are doubling to 50,000 the number of SMEs we are helping, and extending support to British mid-caps, who sometimes lack the overseas ambition of their German equivalents.

We will make it easier for UK-based firms to compete for Government procurement contracts and make new applications out of government data. We will provide funds for smaller technology firms in Britain that find it difficult to turn their innovations into commercial success. We have listened to the ideas from business groups about encouraging innovation in larger companies, and we will introduce a new "above the line" research and development tax credit in 2013 that will increase its visibility and generosity.

We will give particular help to our energy-intensive industries. I have not shied away from supporting sensible steps to reduce this country's dependency on volatile oil prices and reduce our carbon emissions. I am the Chancellor who funded the first ever Green investment bank and introduced the carbon price floor. Our green deal will help people to insulate their home and cut their heating bills. I am worried about the combined impact of the green policies adopted not just in Britain but by the European Union on some of our heavy, energy-intensive industries. We are not going to save the planet by shutting down our steel mills, aluminium smelters and paper manufacturers. All we will be doing is exporting valuable jobs from this country, so we will help them with the costs of the EU trading scheme and the carbon price floor, increase their climate change levy relief and reduce the impact of the electricity market reforms on those businesses, too.

This amounts to a £250 million package over the Parliament, and it will keep industry and jobs here in Britain. It is a reminder to us all that we should not price British businesses out of the world economy. If we burden them with endless social and environmental goals, however worthy in their own right, not only will we not achieve those goals, but the businesses will fail, jobs will be lost, and our country will be poorer.

Our planning reforms strike the right balance between protecting our countryside while permitting economic development that creates jobs, but we need to go further to remove the lengthy delays and high costs of the current system, with new time limits on applications and new responsibilities for statutory consultees. We will make sure that the gold-plating of EU rules on things such as habitats do not place ridiculous costs on British businesses. Planning laws need reform. So too— *[Interruption.]*

Mr Speaker: Order. The House needs to calm down. One hon. Member has probably shouted enough for one day.

Mr Osborne: Planning laws need reform, and so too do employment rules. We know many firms are afraid to hire new staff because of their fear about the costs involved if it does not work out. We are already doubling the period before an employee can bring an unfair dismissal claim and introducing fees for tribunals. Now we will call for evidence on further reforms to make it easier to hire people, including changing the TUPE regulations; reducing delay and uncertainty in the collective redundancy process; and introducing the idea of compensated no-fault dismissal for businesses with fewer than 10 employees.

We will cut the burden of health and safety rules on small firms, because we have regard for the health and safety of the British economy too. This Government have introduced flexible working practices and we are committed to fair rights for employees. But what about the right to get a job in the first place or the right to work all hours running a small business and not be sued out of existence by the costs of an employment tribunal? It is no good endlessly comparing ourselves with other European countries. The entire European continent is pricing itself out of the world economy. The same is true of taxes on business. If we tax firms out of existence, or out of the country, there will not be any tax revenues for anyone. We have set as our ambition the goal of giving this country the most competitive tax regime in the G20. Our corporate tax rate has already fallen from 28% to 26%, and I can confirm that it will fall again next April to 25%.

We are undertaking major simplification of the tax code for businesses and individuals, including, this autumn, consulting on ideas to merge the administration of income tax and national insurance. We are publishing next week rules on the taxation of foreign profits, so that multinationals stop leaving Britain, and instead start coming here, and we will end low-value consignment relief for goods from the Channel Islands, which has been used by large companies to undercut shops on our high streets. We have supported enterprise by increasing the generosity of the enterprise investment scheme. Today, we are extending this scheme specifically to help new start-up businesses to get the seed investment they need. Even at the best of times they can struggle to get finance, and in the current credit conditions that struggle too often ends in failure. From April 2012, anyone investing up to £100,000 in a qualifying new start-up business will be eligible for income tax relief of 50%, regardless of the rate at which they pay tax, and to get people investing in start-up Britain in 2012, for one year only, we will also waive any tax on capital gains invested through the new scheme. We can afford this with a freeze on the general capital gains tax threshold for next year.

I also want to help existing small businesses which find the current economic conditions tough. Business rates are a disproportionately large part of their fixed

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costs. In the Budget, I provided a holiday on business rates for small firms until October next year. I am today extending that rate relief holiday until April 2013. Over half a million small firms, including one third of all shops, will have reduced rate bills or no rate bills for the whole of this year and for the whole of the next financial year too. To help all businesses, including larger ones, with next year's rise in business rates, I will allow them to defer 60% of the increase in their bills to the two following years.

I also want to help any business seeking to employ a young person who is out of work. The OBR forecasts that unemployment will rise from 8.1% this year to 8.7% next year, before falling to 6.2% by the end of the forecast. Youth unemployment has been rising for seven years and is now unacceptably high. It is little comfort that this problem is affecting all western nations today. The problem is, of course, primarily a lack of jobs—*[Interruption.]* But it is made worse by a lack of skills. Too many children are leaving school after 11 years of compulsory education without the basics that they need for the world of work.

Our new youth contract addresses both problems with the offer of private sector work experience for every young person unemployed for three months. After five months, there will be weekly signing on. After nine months, we will help pay for a job or an apprenticeship in a private business. Some 200,000 people will be helped in this way but, as the Deputy Prime Minister has said, this is a contract. Young people who do not engage with this offer will be considered for mandatory work activity, and those who drop out without good reason will lose their benefits.

If we are to tackle the economic performance of this country and tackle Britain's decades-long problems with productivity, we have to transform our school system too, so that children leave school prepared for the world of work. My right hon. Friend the Secretary of State for Education is doing more to make that happen than anyone who ever had his job before him. The previous Government took six years to create 200 academies. He has created 1,200 academies in just 18 months. Supporting his education reform is a central plank of my economic policy, so today, with the savings that we have made, I am providing an extra £1.2 billion—as part of the additional investment in infrastructure—to spend on our schools.

Half of that will go to help local authorities with the greatest basic need for school places. The other £600 million will go to support my right hon. Friend's reforms and will fund 100 additional free schools. These schools will include new maths free schools for 16 to 18-year-olds. This will give our most talented young mathematicians the chance to flourish. Like the new university technical colleges, these maths free schools are exactly what Britain needs to match our competitors and produce more of the engineering and science graduates so important for our long-term economic success.

To ensure that children born into the poorest families have a real chance to become one of those graduates, we will take further steps to improve early education. Last year, it was this coalition Government who not only expanded free nursery education for all three and four-year-olds, but gave children from the poorest fifth of families a new right to 15 hours of free nursery care a week at the age of two. I can tell the House today that we can double the number of children who will receive this free nursery care: 40% of two-year-olds—260,000 children—from the most disadvantaged families will get this support in their early years.

On education and early years learning, this is how we change the life chances of our least well-off and genuinely lift children out of poverty and that is how we build an economy ready to compete in the world. It will take time. The damage that we have to repair is great. People know how difficult things are and how little money there is, but where we can help with the rising cost of living, we will. I have already offered councils the resources for another year's freeze in the council tax. That will help millions of families, but I want to do more.

Commuters often travel long distances to go to work and bring an income home. Train fares are expensive and they are set to go up well above inflation to pay for the much needed investment in the new rail and new trains that we need, but RPI plus 3% is too much. The Government will fund a reduction in the increase to RPI plus 1%. This will apply across national rail regulated fares, across the London tube and on London buses. It will help the millions of people who use our trains.

Millions more use their cars to go to work, and pick up the children from school. It is not a luxury for most people; it is a necessity. In the Budget I cut fuel duty by 1p. The plan was for fuel duty to be 3p higher in January and 5p higher by August next year. That would be tough for working families at a time like this, so despite all the constraints that are upon us, we are able to cancel the fuel duty increase planned for January, and fuel duty from August will be only 3p higher than it is now. Taxes on petrol will be a full 10p lower than they would have been without our action in the Budget and this autumn. Families will save £144 on filling up the average family car by the end of next year. At this tough time, we are helping where we can.

All that we are doing today—sticking to our deficit plan to keep interest rates as low as possible, increasing the supply of credit to pass those low rates on to families and businesses, rebalancing our economy with an active enterprise policy and new infrastructure, and providing help with the cost of living on fuel duty and rail fares—all that takes Britain in the right direction. It cannot transform our economic situation overnight.

People in this country understand the problems that Britain faces. They can watch the news any night of the week and see for themselves the crisis in the eurozone and the scale of the debt burden that we carry. People know that promises of quick fixes and more spending that this country cannot afford at times like this are like the promises of a quack doctor selling a miracle cure. We do not offer that today.

What we offer is a Government who have a plan to deal with our nation's debts to keep rates low; a Government determined to support businesses and support jobs; a Government committed to take Britain safely through the storm. Leadership for tough times—that is what we offer. I commend this statement to the House.

Ed Balls (Morley and Outwood) (Lab/Co-op): Let me start by thanking the Chancellor—*[Interruption.]*

Mr Speaker: Order. I ask the right hon. Gentleman to resume his seat. I said very clearly that people should not shout and yell at the Chancellor. He should be heard in respectful quiet, as the public would hope. The same goes for the reaction to the shadow Chancellor. Let us try to operate at the level of events.

Ed Balls: Thank you, Mr Speaker.

Let me start by thanking the Chancellor of the Exchequer for advance notice of his statement, and the Office for Budget Responsibility for ensuring that the Chancellor is today setting out to the House the truth about the state of the British economy and the truly colossal failure of the Chancellor's plan.

Let us be clear about what the OBR has told us today, which the Chancellor could not bring himself to say: growth is flatlining and will be down this year, next year and the year after; unemployment is rising; and there will be well over £100 billion more borrowing than he planned a year ago, and more than was set out in the plan he inherited at the general election. As a result, his economic and fiscal strategy is in tatters. After 18 months in office, the verdict is in: plan A has failed, and failed colossally. With prices rising and unemployment soaring, families, pensioners and businesses already know that it is hurting. With billions of pounds more in borrowing to pay for rising unemployment, today we find out the truth that it is just not working.

The Prime Minister likes to say, "You can't borrow your way out of a crisis." Will the Chancellor confirm that that is exactly what he has been forced to do? He has been forced into higher borrowing to pay for the crisis in growth and jobs in Britain, the higher unemployment and higher benefits bill that his failing plan has delivered.

The Chancellor's out-of-touch and complacent hubris of a year ago now seems such a distant memory. The Prime Minister boasted that Britain was out of the danger zone and the Chancellor claimed that the UK was a safe haven, but we know the truth: cutting too far and too fast has backfired and all his claims of a year ago have completely unravelled. It is not as if they were not warned, including by their coalition colleagues. Before the election, we said that, like every country after the global financial crisis, we had to get our deficit down, which meant tough decisions on tax and spending cuts. The question is not whether that should be done, but how. That is why the Opposition warned that trying to cut spending and raise taxes too far and too fast risked choking off recovery and pushing up unemployment and borrowing. We said that the Chancellor's plan was reckless, not cautious, and that he was ripping out the foundations of the house, leaving our economy not safe, but badly and deeply exposed to the growing global storm.

Let me remind the Chancellor what the managing director of the International Monetary Fund warned this summer. She said that

> "slamming on the breaks too quickly will hurt the recovery and worsen job prospects."

What has happened? Consumer and business confidence has slumped in the past year. Our recovery was choked off over a year ago. Since then, Britain has had slower economic growth than any G7 country other than Japan, and it had an earthquake. Unemployment is at a 17-year high and over 1 million young people are out of work. Today we hear that growth this year will be not the 2.3% he so confidently predicted in the June Budget this year, but just 0.9%. It will be even lower next year and lower than forecast the year after. It is the fourth time the OBR has downgraded his growth forecasts in just 18 months.

Today we learn that the Chancellor, even when judged by the one objective he set himself—getting the deficit down—is failing. With lower growth and rising unemployment pushing up the cost of failure, will he confirm that he will now have to borrow not £46 billion more than set out in his autumn statement last year, as he said in March, but a staggering £158 billion more? Will he also confirm that, despite the pain of the £40 billion of extra spending cuts and tax rises he boasted about a year ago, because the recovery has been choked off and unemployment is higher he will be borrowing more at the end of this Parliament than he would be under the balanced plan inherited from the Labour Government at the last election? That is a fact.

A year ago the Prime Minister told the CBI:

> "In five years' time, we will have balanced the books."

That was not some kind of dodgy rolling target, but a clear commitment to eliminate the deficit by 2015. Can the Chancellor tell the House whether he will meet that fiscal mandate? Is not the truth that, with unemployment and borrowing up, going further and faster has been utterly counter-productive and self-defeating and has backfired? We have had all the pain, but none of the gain.

The OBR forecasts show that the Chancellor's entire economic and fiscal strategy is now in complete disarray, yet all we get are excuses. He has blamed anyone and anything, including the Labour Government, the snow, the royal wedding, the Japanese earthquake, higher inflation, VAT, the eurozone and low-paid dinner ladies and teaching assistants—anybody but himself. *[Interruption.]* It is he who is to blame. It is his failing plan that has pushed up unemployment and borrowing. It is his reckless gamble that has made things worse here in Britain, not better.

If eurozone countries continue to fail to sort out their problems, of course that will have an impact here. [Hon. Members: "Ah."] However, Britain's economic recovery was choked off a year ago, before the euro crisis. The OBR has downgraded growth in Britain this year but upgraded growth in the euro area. Of the 27 countries in the EU, only Greece, Portugal and Cyprus have grown more slowly than Britain in the past year. Not only is it not too late for the Chancellor to change course, but the deepening euro crisis makes it even more important that he sees sense. Instead he is still clinging to the fantasy that any change of course would make things worse. He still clings to the illiterate fantasy that low long-term interest rates in Britain are a sign of enhanced credibility and not, as they were in Japan in the '90s and in America today, a sign of stagnant growth in the economy. *[Interruption.]* This summer the head of the IMF warned the Chancellor— *[Interruption.]*

Mr Speaker: Order. The situation is very simple: however long it takes, the shadow Chancellor will be heard. That is all there is to it.

Ed Balls: Thank you, Mr Speaker. They do not like it, but this is the truth. The Government set up the OBR, so maybe they should listen to its forecasts.

This summer the head of the IMF warned the Chancellor that

"growth is necessary for fiscal credibility",

but he said that a change in his plans would lead to a loss of credibility, even though he has been forced to confirm today that his growth and borrowing targets are wildly off track. Last month the IMF advised the Government that

"If (economic) activity were to undershoot current expectations and risk a period of stagnation or contraction, countries that face historically low yields (for example, Germany and the UK) should also consider delaying some of their planned consolidation."

With the world darkening and with today's news that here in Britain we are set to see stagnant growth not just this year, but next, is it not time the Chancellor listened to the IMF? How much worse does it have to get? How many more young people have to lose their jobs, how many more businesses have to go bankrupt, and how many more times does he have to come here to downgrade his growth forecast and upgrade his borrowing forecasts? How many more billions in borrowing do we need to pay for failure before he finally sees sense?

These would be difficult times for any Chancellor, but our fear is that once again in his statement today the Chancellor is making a catastrophic error of judgment. He is refusing to learn the lessons of history or economics; he is refusing to switch to a more balanced plan; he got it wrong 18 months ago, and he is getting it wrong again today. Repeating the mistakes he made last year will only make things worse. Is it not now time to listen to the IMF, to cut taxes and to have a slower pace of spending reduction? Is it not time for him to change course before it is too late?

What do we have instead? We have a cobbled together package of growth measures, which the Chancellor must know, and the OBR forecast confirms, do not address the fundamental problem—that his rapid, reckless and deflationary plan is choking off recovery and pushing up borrowing. We have been here before. This is the third emergency growth package in a year, so the last thing our economy needs is yet another fantasy growth package.

Hon. Members do not have to take my word for it. Let us look at the OBR's own forecast. Does the OBR think that the Chancellor's plans are going to boost growth? No, it has revised growth down next year, from 2.5% to 0.7%; and for the following year it has revised growth down from 2.9% to 2.1%. Does the OBR think that the Chancellor's plans are going to increase employment and cut unemployment? Let me tell the House two things from the OBR forecast which the Chancellor chose not to tell the House. Unemployment is not only higher next year than this year, but higher the year after than this year; and employment is expected to fall by 100,000 next year.

We were promised a game-changer of a statement and a growth plan that would secure recovery. Instead, we have a plan for growth which leads to lower growth and higher unemployment. It is not a game-changer; it is just more of the same.

Let me turn to the measures that the Chancellor has announced. He has announced a new youth jobs fund, but why did he abolish the future jobs fund in the first place? The Government abolished it in their first month in office; their new plan will not be up and running until the middle of next year.

The Chancellor claims to have increased the bank levy, so why is he cutting taxes on banks this year compared with last year—down from £3.5 billion last year to £2.5 billion this year? Why will he not repeat the bank bonus tax and do something proper about youth jobs?

The Chancellor has announced a sensible halt to January's fuel duty rise, but will he confirm that, as a result of last January's VAT rise, motorists are paying 3p a litre more on petrol? He has belatedly announced a plan on Labour's enterprise finance guarantee, relabelled as credit easing, but why did he wait so long, and why did he put his faith in Project Merlin, which has patently failed and, as the Bank of England confirms today, seen net bank lending to small businesses fall over the past year? As for his equally belated decision to set up a new infrastructure fund, this is from the same Chancellor who abolished the Building Schools for the Future programme at a cost of tens of thousands of construction jobs.

How much of this new investment has been pre-announced? How much will happen this year and next year? How much of it is pre-announced funding from the next spending review after the next general election? Will the Chancellor confirm that the new off-budget infrastructure fund will be subject to a National Audit Office value-for-money test to ensure that projects are not more expensive to the taxpayer than direct Government borrowing?

The Chancellor has also announced a rebate for energy intensive industries to correct the chaos caused by his botched carbon floor price. He has reinstated just 10% of his planned £4 billion cut in housing, but even in the past few minutes, as we have studied the small print, and despite all the bluster of the new measures, we have found that because this Chancellor is so determined not to break from his failing plan, he is once again giving with one hand and taking with the other.

How are these new growth measures being paid for? By hitting families and savers. How much will the Chancellor's cut in tax credits cost a working family on average incomes? With inflation so much higher, is he still meeting the Prime Minister's pledge to deliver real-terms rises in NHS spending in this Parliament?

As a result, and taking into account pre-announced measures in the Chancellor's Budget and spending review, are the Government still hitting women harder than men? Are they still increasing child poverty and not reducing it? Given that he has already cut child care support by more than £1.5 billion, is he helping women who want to go out to work, or is he making it harder?

If we are all in this together, why with this Government is it always families, women and children who pay the price? It is clear: the Chancellor's plan is not working. The OBR knows it, the markets know it, the IMF knows it, we know it and so, increasingly, do the Chancellor's coalition colleagues. His arch rival, the Mayor of London, certainly knows it.

We all know why the Chancellor cannot change course. We know why he cannot accept the IMF's advice. We all know why—even as the euro crisis deepens and he is borrowing £158 billion more than he planned—this oh-so political Chancellor will not budge because to change course now would be to admit that he has got the key economic judgments of this Parliament absolutely, catastrophically wrong.

If, after just 18 months, the Chancellor's plan is leading to falling growth, rising unemployment and £158 billion more in borrowing, the country needs either a new Chancellor or a new plan—a balanced and credible plan on jobs, growth and the deficit. We need real tax cuts, real investment, a real plan for jobs, growth and deficit reduction: Labour's five-point plan for jobs, growth and deficit reduction.

Protecting our economy, businesses, jobs and family finances is more important than trying to protect a failed economic plan. For his sake, for his party's sake, and in the national interest, the Chancellor needs to change course, and he needs to do so now.

Mr Osborne: As far as I can tell, the shadow Chancellor complains that we are borrowing too much—and then proposes that we borrow even more. It is completely unconvincing and a reminder to Government Members why we are so pleased that he is in the job that he is doing, for he is a constant reminder of everything that went wrong with Labour's economic policy—a permanent advertisement for why we should never trust Labour with our money again.

Let me answer the right hon. Gentleman's specific questions. He welcomes the fact that we have open and honest figures from the OBR. When did we never get them when he was at the Treasury? He complains about the bank levy. He was the City Minister, so why did he not introduce a bank levy? It will raise £2.5 billion a year. In the Labour policy document on the bonus tax that he proposes, his party costs its measure at £2 billion a year. That is less—a tax cut for banks, if can I put it like that.

The right hon. Gentleman complains about off balance-sheet borrowing. That is from Mr PFI. He says that we should have kept the future jobs fund, but 50% of all people who left that scheme were unemployed within 12 weeks, which is in part why we have an unemployment problem.

Yes we are committed to real increases in the health budget, and yes the OBR confirms that we will meet our fiscal mandate and our debt target—*[Interruption.]* In the terms set out by me in the emergency Budget.

The right hon. Gentleman told the House this extraordinary thing—that the OBR forecasts that growth in the UK will be less than in the euro area. That, I am afraid, is simply not true. I am not going to use unparliamentary language, but it is in the OBR document in black and white: 2012, 2013, 2014, 2015—every single year, growth unfortunately is slow in the eurozone and slower than in the UK. That is one of the problems we are facing.

Let me respond to the three arguments that the right hon. Gentleman advanced in his reply. First, he said that we should try to borrow our way out of a debt crisis; he talked about extra borrowing. His plans—the plans of the previous Government—would have led to an additional £100 billion on top of borrowing over the course of the Parliament. Let us look at the facts. There is not a single credible political party in the entirety of Europe that is proposing more spending at the moment, apart from—and it is not credible—the Labour party. This is what Tony Blair said this morning on the radio—*[Interruption.]* Go on—have a go at booing him! Tony Blair said on the radio this morning:

"frankly whatever government is in power it is going to be pursuing a pretty tough programme at the moment".

Blair or Balls—I think the British public made their mind up on Labour politicians long ago.

The second astonishing argument that the right hon. Gentleman deployed was to say that low interest rates in Britain were a sign of failure. Presumably that means that he wants interest rates to be higher in Britain. Presumably the fact that Italian interest rates are over 7% is a sign of success. Presumably the fact that Greek interest rates are 30% is an economic miracle. His policy for higher interest rates would put families' mortgage bills up, increase debt interest charges for taxpayers, increase the cost of loans for small businesses, and put people out of work. Now people know—you vote Labour, you get higher interest rates.

The third and final argument that the right hon. Gentleman advanced is that the events happening in Europe will have almost no impact on anyone in Britain or on the British economy. [Hon. Members: "That's not what he said."] He mentioned it once in passing. That flies in the face of what the Bank of England says and what the OECD said yesterday. He quoted the IMF. The IMF supports our deficit reduction plan. It explicitly asked itself the question, "Should Britain change course?", and said no. He quoted the independent OBR's numbers, but he refuses to accept its analysis. Anyone who turns on the television and listens to the news knows that his argument is completely absurd, so we have to ask ourselves why he advances it. Why does he alone advance the argument that Britain is not affected by what has been going on in the world—by the external oil shocks, by the size of the financial crisis, by the eurozone crisis? There is a very simple reason: because if he admits that we are in a debt crisis, then he has to admit that we borrowed too much when he was in office, that the crash here was deeper than anywhere else, and that the effects were longer lasting. It would be an admission of his personal failure.

The right hon. Gentleman was the City Minister who let the City explode. He is the author of the golden rules that failed. He does not have the excuse of the Leader of the Opposition that he was only photocopying orders: he gave the orders; the orders came from him. Labour's economic credibility will never recover while he remains the shadow Chancellor.

Mr Andrew Tyrie (Chichester) (Con): The whole country, I think, will welcome the supply-side measures announced today, which are an essential counterpart to the deficit reduction plan. Britain's recovery depends on thousands of small businesses in our constituencies that need the confidence and the cash to invest and grow. That is why the credit easing package that has been announced today is so welcome. Does my right hon. Friend agree, though, that the recovery can be secured in the long term only when we have banks that are operating normally—when we have a return to more normal lending

[Mr Andrew Tyrie]

conditions? Does not that reinforce the need for him to work extremely closely with the regulators and the banks to achieve this?

Mr Osborne: I agree with the Chair of the Treasury Committee that the impact of the financial crisis and the deleveraging in the British financial system and other financial systems are having a huge impact not just on our recovery but on recoveries around the world. I completely agree that we need to try to clear the impaired balance sheets of the banking system. We need to try to get new lenders on to the high street. That is why we took the decision we took on Northern Rock—to get Virgin Money out there on the high street. I will have more to say on the banking system next month when I respond to the Vickers report and to the very good report from the Treasury Committee.

Margaret Hodge (Barking) (Lab): I welcome the announcement of more investment in infrastructure, but the more I hear about the proposal, the more it sounds like PFI by any other name. Pension funds will invest in public projects only if it is a good deal for them. As with PFI, any sweetener that the Chancellor offers to the private sector will be at the expense of the taxpayer, both in the short term today and for future generations, so what precisely is he offering and proposing to attract pension fund investment, and how is he going to ensure that his scheme represents value for money for the taxpayer?

Mr Osborne: Let me explain to the right hon. Lady that what we are seeking to do is to get the pension funds investing in British infrastructure. We are not proposing to provide, in this respect, guarantees for these projects. There are some guarantees set out for specific Government infrastructure projects such as the Thames tidal waste tunnel. What I am talking about with the pension funds is not guaranteed projects like PFI; it is simply about trying to get private sector money invested in British infrastructure. *[Interruption.]* Let me explain, briefly.

We have Canadian and Australian pension funds investing in Britain, but not British pension funds investing on a sufficient scale. We are going to try to bring them together, through a private sector agreement, into vehicles where they can co-operate and then invest in infrastructure. This is not about the Government underwriting those investments; it is about trying to get the industry together to make private sector investments. There is a memorandum of understanding which sets out how this is done.

Andrea Leadsom (South Northamptonshire) (Con): I welcome the Chancellor's statement. It is a great shame that the shadow Chancellor appears to be living in a parallel universe to that of Government Members. Does my right hon. Friend agree that in view of his desire to set up a better and a stronger economy for the future, it would be a good idea to look again at the prospect of account portability in the banking system to create a truly free consumer choice for the future in terms of personal current accounts and small business lending?

Mr Osborne: I agree with my hon. Friend that that is a very important part of making sure that customers get the best possible deal. It was the part of the Vickers report that got the least coverage because of the interest in things like ring-fencing. We are determined to introduce changes that allow people to switch their current accounts very easily, and we hope to have them in place before the end of the Parliament.

David Miliband (South Shields) (Lab): The Chancellor has recognised that 260,000 young people have been unemployed for more than 12 months—that is over 100,000 more than 18 months ago. He has rejected the argument for a job guarantee and instead embraced wage subsidies, which he says will help about 53,000 young people. For the sake of those young people, will he look at the similar scheme announced by his right hon. and learned Friend the current Secretary of State for Justice, in 1995? That scheme promised 130,000 jobs, but only 2,300 applications came forward. Will the Chancellor look at that experience to make sure that we do not have a repetition of the very low take-up of wage subsidy schemes?

Mr Osborne: We have worked with the business groups and businesses to make sure that the youth contract is going to be effective. I respect the fact that the right hon. Gentleman told us some days ago that the problem of youth unemployment was not invented by this Government. I respect his honesty in saying that. This is a problem that all western countries are facing at the moment. Frankly, in Britain youth unemployment has been going up for the past seven years. A subsidised job in the private sector is part of the answer. The work experience places are already working well, and we are adding to those. Of course, there is some conditionality in all this, so we are introducing, for example, weekly signing on after five months.

Stephen Williams (Bristol West) (LD): I welcome what the Chancellor has said about protecting our economy from the external pressures that we face and rebalancing and strengthening it for the future. Will he confirm that despite these difficult circumstances, this Government are acting to raise the income tax threshold so that the poorest in society do not pay income tax, are fully increasing out-of-work benefits by 5.2%, and are increasing the state pension by £5.30? Does not that demonstrate that this coalition Government are determined to protect the poorest in society despite the very difficult circumstances in which we operate?

Mr Osborne: My hon. Friend is right. We are uprating out-of-work benefits and the basic state pension. The coalition Government are committed to the triple lock. People can see the benefit of that today. He is also right that we are committed to real increases in the personal income tax allowance. We have already had two of those. The coalition agreement is absolutely clear on that. I also support it as a tool of economic policy. We want to lift more people out of tax altogether.

Mr Michael Meacher (Oldham West and Royton) (Lab): What is the right hon. Gentleman's precise estimate of the overall growth, if any, that will arise from today's package, given that there is no net increase in demand? Is not his core £5 billion infrastructure package—just 0.7% of current expenditure—merely tinkering at the edges and completely incapable of pulling Britain out of its deepening slump?

Mr Osborne: As I said in my statement, I believe, particularly in a debt crisis, that monetary policy is the most powerful tool for supporting demand. The Bank of England has undertaken the quantitative easing programme, which the previous Government thought was the right policy as they authorised the Monetary Policy Committee's request. We can also do a lot to try to improve the credit conditions for small businesses, which do a huge amount to employ people in our country. That is why we have taken action on credit easing. The right hon. Gentleman has to balance the cost that a 1% rise in interest rates would have for mortgage bills, debt interest bills, family business loans and the like, which I set out, with the need for the additional billions of pounds of borrowing that he is proposing on top of the borrowing that we are already doing and what that might do to the credibility of this country in international markets.

Brandon Lewis (Great Yarmouth) (Con): Does my right hon. Friend agree that the welcome opportunity for private pension funds to invest in infrastructure will also give a good return for those pension funds by unlocking the growth that can come from such infrastructure, particularly in rural areas such as East Anglia?

Mr Osborne: My hon. Friend is absolutely right. That is why we have made a particular commitment to two roads in East Anglia: the A11 and the A14. The A14 is a real challenge, as he knows, because it is a vital artery for the entire national economy. We are announcing particular commitments today to improve the A14. We want to work with local councils and local communities to make even greater lasting improvements to the A14 in the future.

Helen Goodman (Bishop Auckland) (Lab): The Chancellor ended his statement by talking about quack doctors. Of course, in the book "George's Marvellous Medicine", George makes a potion to shrink his grandmother. Does the Chancellor of the Exchequer not understand that he will not grow the British economy by cutting tax credits, because that will make it uneconomic for many women to go out to work?

Mr Osborne: As I said, we are not cutting tax credits, but uprating the child tax credit. The hon. Lady should have listened to what I had to say.

Claire Perry (Devizes) (Con): I am confused and am hoping that the Chancellor can help me to sort something out. On page 82 of its document, the OBR states that it has cut its forecast for European growth to 0.5%. On another page, it states that it has cut the British forecast to 0.7%. Under the shadow Chancellor's quack-onomics theory, interest rates should therefore be higher in Britain than in the eurozone, but they are not. Can the Chancellor explain why?

Mr Osborne: Because we have earned credibility for this country. That is what this Government have done. That has not been an easy thing to do, but it has brought our borrowing costs down while other countries' borrowing costs have gone up. When this Government came to office, the interest rates in Italy were lower than the interest rates in Britain. They have gone up in Italy and come down in Britain. Of course, we now have the new Labour party policy, which is that it wants to see higher interest rates. I am not sure that the Labour Back Benchers have fully realised what a completely stupid policy that really is.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): With regard to the capital infrastructure investment, will the Chancellor confirm that the whole figure of £30 billion will be spent proportionately in Wales and the other devolved nations, and that in the case of Wales that will amount to £1.5 billion?

Mr Osborne: We absolutely will apply the Barnett formula to the infrastructure spending. I can confirm that. We specifically want to work with the devolved Administration on the M4 corridor in south Wales and, if possible, to do a deal on the future of the Severn bridge and its tolls. We are holding open the opportunity for discussion on that matter.

Andrew Percy (Brigg and Goole) (Con): I thank the Chancellor for his announcement about the Humber bridge and commend the work of the Transport Secretary. Does he agree that that proposal will benefit low-paid workers, especially in the Humber, who have suffered even in the times of growth, when the number of private sector jobs in the Humber decreased?

Mr Osborne: I pay tribute again to my hon. Friend and the other MPs in the area, including my hon. Friend the Member for Beverley and Holderness (Mr Stuart) who first raised this issue with me some years ago.

Karl Turner (Kingston upon Hull East) (Lab): What about me, George?

Mr Osborne: Absolutely, I happily pay tribute to all the MPs of north Lincolnshire and Humberside who have campaigned for the reduction of the tolls. This was an injustice. The bridge was built many years ago and the debt was paid off, but the tolls were still very high. I am glad that we have been able to help. Along with our enterprise zones in Humberside and our commitment to the renewable energy industry in the area, this will really help the economy.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Chancellor's statement reminded me of the Budgets not of the last Chancellor of the Exchequer but of the one before that, because it included so much, and almost the kitchen sink. To change the mood in the country, most of which is now deeply in recession—certainly Yorkshire and the Humber are—were we not expecting some imaginative, bold policies today to end youth unemployment?

Mr Osborne: I suggest to the hon. Gentleman that a fairly stark difference between me and the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) is that I am trying to make the books add up, whereas he did not. We have all been paying the price for that ever since.

Mr John Baron (Basildon and Billericay) (Con): I know that the Chancellor will ignore the pleas of the Labour party, given that it more than doubled the national debt

[Mr John Baron]

when it was in power, but will he revisit the massive net increases in our contribution to the EU that will come through over the next seven years? They will amount to something like £20 billion, which would fund a 5p to 6p cut in small business corporation tax.

Mr Osborne: We have negotiated the first real freeze in the EU budget. Important negotiations are coming on the future financial perspective. I am absolutely clear, as are some other member states, that the EU has to live within its means as well.

Caroline Lucas (Brighton, Pavilion) (Green): Will the Chancellor explain why he is taking £250 million from hard-pressed families and giving it to some of the country's biggest polluters, especially as green economies employ far more people than energy intensive industries?

Mr Osborne: As I said, we have introduced and funded the green investment bank, and we are supporting the green deal. The hon. Lady did not mention that there are £200 million of incentives to make the green deal work so that people can insulate their homes, their bills can come down and we can reduce our carbon emissions. I do not see how we would save the climate of our country and the world by pricing ourselves out of steel making, operating chemical factories, aluminium smelting and so on. If anything, it is likely that those industries would continue in other countries and be more polluting because those countries do not have the same regimes. I think that it supports our effort to reduce carbon emissions around the world that we keep those industries in Britain.

Mr David Evennett (Bexleyheath and Crayford) (Con): I welcome my right hon. Friend's statement and in particular the announcements on rail fares and the fuel duty. Does he agree that those policies and others that he has expressed today show that the Government are helping hard-working people with the cost of living wherever they can?

Mr Osborne: I absolutely agree with my hon. Friend. We have been able to take action on fuel duty so that taxes on petrol will be 10p lower than they would otherwise have been. We have taken action to reduce the increase in rail fares. I also stress that we have helped small businesses that employ people by extending the business rate freeze.

Mr Dennis Skinner (Bolsover) (Lab): If we are all in it together, why has the Chancellor announced further restrictions on pay for working people and their families, while the bankers who caused the recession are taking home salaries of up to £4.5 million? Is it because the people on that side on millionaire's row are looking after their friends in the banking system, while kicking the workers in the teeth?

Mr Osborne: I think the hon. Gentleman will find that it is half of the last Labour Cabinet who are working in the City at the moment.

If the hon. Gentleman is so passionate about this issue, why did he not press the Government he supported for 13 years to introduce a bank levy? On public sector pay, the shadow Chancellor was completely silent about whether the Labour party supported 1% average increases after the freeze ends. No doubt we will find out more about that later this afternoon.

Margot James (Stourbridge) (Con): The Black Country chamber of commerce reports that 400 new businesses started in our region this year, 170 with help from the Government. I particularly welcome the national loan guarantee scheme. Does my right hon. Friend anticipate that that scheme might support business start-ups?

Mr Osborne: I think it will help new businesses borrow, but of course we have also announced today the seed enterprise investment scheme, a new scheme that will specifically help start-up businesses. It will give 50% income tax relief to anyone who invests up to £100,000 in a new company. Also, for one year only, we are allowing people to put capital tax-free gains of up to £100,000 into the scheme. It is all about trying to get investment into new companies such as the ones in the black country that my hon. Friend talks about.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): On 20 October, the Secretary of State for Energy and Climate Change said in the House that there would be no Treasury backsliding on the £1 billion available for carbon capture and storage investment from the Government. Yesterday morning the Chancellor's deputy, the Chief Secretary, suggested that part of his £5 billion investment would be funded by taking money from that £1 billion. Can the Chancellor confirm whether that is the case, and what implications that will have for potential CCS projects that are working to a timetable of being on a commercial basis before the end of this Parliament?

Mr Osborne: We absolutely want to support carbon capture and storage technology in this country. I confirm that we are still committed to a £1 billion investment, which is a very significant investment in a technology, but it cannot be on an unrealistic time scale. *[Interruption.]* Well, the previous Government—indeed, the Energy Secretary in the previous Government, who of course is the Leader of the Opposition at the moment—made all sorts of promises about getting carbon capture and storage demonstrations up and running, and that did not happen. We are operating on a more realistic time frame, but we are committed to a £1 billion investment in that technology.

Lorely Burt (Solihull) (LD): There is so much to welcome in this statement, and I especially welcome the £1 billion increase in the regional growth fund and the infrastructure changes to the A45. Will the Chancellor set the record straight and say that our youth jobs fund is nothing like Labour's future jobs fund, under which only 2% of the jobs in the west midlands were in private companies, and that our scheme will create real jobs for young people?

Mr Osborne: Not only was the future jobs fund primarily aimed at the Government employing people in the public sector, which of course was unsustainable with the very large deficit that Labour was running, but actually it did not work on its own terms, because 50% of the people who used the fund were unemployed

within 12 weeks. The youth contract that the Deputy Prime Minister has worked on, which he presented last week, will make a real difference.

Stewart Hosie (Dundee East) (SNP): There were two key announcements today. One was the national loan guarantee scheme and the £20 billion of credit easing, and the second was the investment in infrastructure of perhaps £30 billion. When does the Chancellor expect the business finance backed by the scheme to start flowing, and how much infrastructure spend does he expect this year and next, when it will have the biggest effect?

Mr Osborne: We are undertaking an ambitious programme of credit easing, and I hope to get it running in the next couple of months. We have to clear the state aid hurdles, and we are working flat out to do that, but I am confident that because we are partly following the European Investment Bank's scheme in the UK, a lot of the work has already been done. The precise numbers on infrastructure in the next two years are set out in the book.

George Freeman (Mid Norfolk) (Con): I warmly welcome the statement on behalf of families and businesses in my constituency, particularly the billions for infrastructure, the strong support for science and innovation and the very imaginative scheme for unlocking credit easing for small companies. Does that not show that this Government are laying the foundations for sustainable economic growth, while the Labour party has nothing to offer but more debt, more tax and higher interest rates?

Mr Osborne: I completely agree with my hon. Friend. What was really striking in the shadow Chancellor's response was that the heart of his argument was, "We're borrowing too much, so let's borrow more." I do not think that is a very convincing argument. The only reason why he advances it is that he, almost alone in the Labour party, cannot admit that the last Government borrowed too much.

Joan Walley (Stoke-on-Trent North) (Lab): Can the Chancellor confirm that it is "rest in peace" for the "greenest Government ever"? As far as Stoke-on-Trent is concerned, can he tell the House why there is nothing in the autumn statement about why the Prime Minister came to Stoke-on-Trent and promised us a local enterprise zone? There have been two extra ones announced today, and still nothing for Stoke-on-Trent.

Mr Osborne: I completely understand why the hon. Lady is fighting hard for her constituency and her city. In the end, the proposal put forward by Stoke for an enterprise zone was not as compelling as the other enterprise zone proposals that were put forward at the same time. That was independently assessed by the civil servants. I am very happy to sit down with her, and indeed other Members from Staffordshire, to work with them on what we can do to make the proposal a success. I am very much open to considering whether we can get the enterprise zone bid into a state where it is successful and we can go ahead with it.

Harriett Baldwin (West Worcestershire) (Con): There were many measures in the statement that will help businesses with their cash flow, which is truly to be welcomed, for example extending the small business rate relief and credit easing. Will the Chancellor clarify that where business rates go up in line with RPI next year, there will be the ability to defer 60% for two years interest-free?

Mr Osborne: We are helping businesses with their cash flow, but it is not a subsidy to those businesses, more a cash-flow measure.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): The Chancellor has announced a number of supply-side measures designed to help small businesses. However, that is only one part of the equation. One of the main obstacles now for small businesses applying for loans or investment is the squeeze on personal incomes in their market. Can he explain to me how removing current expenditure and squeezing incomes further at this time, albeit for some very worthy projects in two or three years' time, will benefit unemployment and alleviate the feeling of deep insecurity that there is in my area at this moment?

Mr Osborne: I would argue that we are not squeezing incomes. We have frozen fuel duty in January and taken measures to uprate non-working benefits in line with CPI, which is a very big increase, and pensioners are getting the largest ever increase in the basic state pension. However, we cannot afford the additional £110 on top of the uprating that we promised on the child tax credit.

Mr Marcus Jones (Nuneaton) (Con): Does my right hon. Friend agree that measures such as extending the above-the-line research and development tax credits and the creation of enterprise zones such as the one at MIRA on the edge of my constituency will be extremely important in bringing new manufacturing jobs to the west midlands?

Mr Osborne: My hon. Friend is a powerful champion for Nuneaton, and I am glad that the enterprise zone is going to help his town. He specifically raised with me the issue of whether we could introduce an above-the-line R and D tax credit. I listened to his arguments and those of business organisations, and I am delighted that we are able to go ahead with that. We will set out the precise details of the rate and so on in the Budget.

Fiona Mactaggart (Slough) (Lab): In view of the fact that the published Treasury tables suggest that the poorest fifth of the population have lost more from the Chancellor's statement than anyone else apart from the richest fifth, will he tell the House what impact his announcements will have on child poverty?

Mr Osborne: The Treasury is very clear that in the precise way in which child poverty is measured against the baseline, it has gone up. We have been honest about that in the document. However, there is also an inflationary increase in the child tax credit and other benefits, so the picture is more mixed and better for tackling child poverty. I would also make the broader argument that investing in early years education and schools, and so transforming people's life chances, will do more to lift people out of poverty. That is surely a lesson that we have learned over recent years.

Richard Harrington (Watford) (Con): I commend the Chancellor on his statement, particularly the parts about young people and small businesses, which will be gratefully received in my constituency. I am sure that he shares my concern about the shadow Chancellor's seeming lack of interest in interest rates and the amount of national debt. With that in mind, will my right hon. Friend confirm that a top priority of the Government is to reduce the £130 million per day that taxpayers in my constituency—and all taxpayers—pay to get the interest on the debt down?

Mr Osborne: Despite the deterioration in the borrowing forecast, the debt interest payments that we are making are £24 billion less than forecast. That is the burden of the debt, and it would be billions more if the shadow Chancellor ever got his hands on the British economy again.

Sir Stuart Bell (Middlesbrough) (Lab): I welcome the Chancellor's statement on the 100% capital allowances for the enterprise zones in the Tees valley. I refer him to his statement that he will target £20 billion from pension funds for infrastructure investment. May I draw his attention to the fact that the industry has something like £80 billion in its kitty? I invite him to go back and raise more money for more investment in the same project.

Mr Osborne: I would certainly like to see even more money coming from British pension funds, but £20 billion is an ambitious target. It is a shame that we have not been able to mobilise private sector resources from the pension funds in the past decade in the way that we should. The Government are making a determined effort to change that, and I hope that the memorandum of understanding that we signed with two groups of pension funds will lead to more infrastructure investment in the Tees valley and elsewhere.

Nadhim Zahawi (Stratford-on-Avon) (Con): I commend my right hon. Friend for his statement and for doing so much for hard-pressed families and working people. Today, Italy had to borrow billions of pounds at almost 8% interest. The UK borrows at German rates because of the confidence in our economic policy. The strikes planned for tomorrow will damage confidence in the British economy. Will the Chancellor condemn the strikes and urge the Opposition to come out and condemn them?

Mr Osborne: My hon. Friend is absolutely right. Let us look at the Italian bond auction this morning—that is the sort of interest rate we might have to pay if Britain's ability to pay its way in the world lost credibility. Was it not surprising that the shadow Chancellor did not mention the fact that there are strikes tomorrow? It is because he is a wholly owned subsidiary of the Unite union.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): The giving with one hand and taking away with the other for child care is, frankly, playing with children's lives and is disgraceful. By how much will the Chancellor increase the early intervention grant to pay for the child care pledge that he announced today? How much capital funding will he provide to local authorities so that they can expand and build nurseries? From what children's pot will he rob that money?

Mr Osborne: We have introduced, for the first time, an entitlement for disadvantaged two-year-olds to get 15 hours of free nursery care. Such a policy was never introduced in the 13 years of a Labour Government. We have increased the figure to 40% of all children of that age and the cost is just shy of £500 million by the end of the period.

Jessica Lee (Erewash) (Con): Erewash is at the heart of the manufacturing base in the east midlands. I therefore welcome the commitment to improving the infrastructure in the UK. To maximise that opportunity, reopening the train station at Ilkeston would really help us in Erewash, assisting businesses and commuters. Would my right hon. Friend or a colleague from the Treasury kindly meet me to discuss how the project can form part of the Government's plans?

Mr Osborne: The Transport Secretary sitting next to me has just genuinely volunteered to meet my hon. Friend. We will look at improvements to Ilkeston train station. I did not set it all out in detail today, but there is scope for further smaller investments in rail stations and pinch points on our road network—we have set aside considerable sums of money for that. I will ensure that my hon. Friend meets the Transport Secretary soon to put her case.

Mr Nigel Dodds (Belfast North) (DUP): On credit easing, how will the Chancellor's announcement today apply in Northern Ireland? He knows that some 60% of bank lending to business in Northern Ireland is done by non-UK clearing banks, so I would be grateful if he elaborated on how he thinks it will apply in Northern Ireland. Will he work with the Finance Minister there to find a way through the current credit crunch for business?

Mr Osborne: First, I am happy and keen to work with the devolved Administration in Belfast on how the scheme will apply in Northern Ireland, given the specific issues that Northern Ireland faces with the involvement of the southern Irish banks. It is certainly a UK-wide scheme and we are particularly aware of the acute problems that the financial crisis south of the border have caused in Northern Ireland.

Mr Mark Spencer (Sherwood) (Con): Today, we have seen a clear difference between a Chancellor who wants to manage and invest in our economy and an Opposition who spent and taxed their way through boom into bust. Will my right hon. Friend assure the House, for the sake of every home owner and small and medium-sized business with a mortgage, overdraft or long-term loan, that he will follow a fiscal policy that delivers low interest rates for the long-term future?

Mr Osborne: I absolutely will. We have had a startling admission by the shadow Chancellor that he wants interest rates to be higher in Britain at the moment. That would be a terrible thing for our economy, but I will give him this: his policies would certainly lead to higher interest rates in Britain.

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): The Chancellor is wrong to deny that the Government's policies are making long-term youth unemployment worse. It is up by more than 80% since the start of this year. Would he now like to apologise for scrapping the future jobs fund?

Mr Osborne: As I said, the future jobs fund meant that 50% of people who went on it were unemployed within 12 weeks. The right hon. Member for South Shields (David Miliband) was very honest in saying that this Government did not create the problem of youth unemployment. Frankly, if we had more honesty from the shadow Chancellor, he would have a bit more economic credibility. I cannot help noticing that the British public think that the right hon. Member for South Shields would do a better job as shadow Chancellor than the man opposite jabbering at me.

Simon Kirby (Brighton, Kemptown) (Con): With the UK 10-year market interest rates at record lows, does the Chancellor agree that the rest of the world seems to support his plan, not the Labour party's?

Mr Osborne: The short answer to that is yes.

Jack Dromey (Birmingham, Erdington) (Lab): Last year, the Chancellor cut £4 billion from housing investment. Does he accept responsibility for the catastrophic 99% collapse in affordable house building in the past six months, which is 187% in the west midlands? Does he agree that today he is restoring but 10% of what he cut, when the need for building homes and jobs has never been greater?

Mr Osborne: The Government's capital spending plans are higher than those that the Labour party put forward in March 2010, which the Dromey family enthusiastically endorsed and tried to persuade the country to vote for. It is striking that, with the hon. Gentleman's background, he has not mentioned the strikes, which will do huge damage to our economy and jobs. Why do not he and his colleagues condemn them and make sure that our country is working?

Jane Ellison (Battersea) (Con): I warmly welcome the Chancellor's announcements on infrastructure. In particular, there is a hugely warm welcome for the announcement of Government backing for the Northern line extension to Battersea, which is key to unlocking many new jobs and homes in the Nine Elms/Vauxhall/Battersea development area. Does he agree that it is also important for the existing communities in that area, many of which are among the most disadvantaged in my constituency? It is good news for them, too.

Mr Osborne: I had the opportunity yesterday, with my hon. Friend and the Mayor of London, to visit one of the development sites between Nine Elms and Battersea. It is fantastic to see that project going ahead and I hope that the support and commitment we are giving to help with the borrowing required to fund the Northern line extension will help to create 25,000 jobs in that area of London.

Barry Gardiner (Brent North) (Lab): The £5 billion programme of capital infrastructure is to be welcomed. What is not to be welcomed is that it will be paid for out of the pay packets of individuals in both the private and public sectors. Last year the Chancellor said that he believed that the British public were able to spend their money better than the British Government. When did he stop believing that?

Mr Osborne: Perhaps I can explain to the hon. Gentleman that taxes come from people working in the public and private sectors. Money spent on infrastructure is well spent. For every £1 spent on infrastructure we have made savings in current spending, so we are not adding to borrowing in order to fund it. It will help to create jobs and support the economy.

Nicky Morgan (Loughborough) (Con): Did my right hon. Friend hear Opposition Members laughing when he initially mentioned help with the cost of living? Does he agree that that is backed up by the shadow Chancellor's refusal to recognise that low interest rates have kept many families in their homes over the past couple of years, including the very women and children that he says he cares about?

Mr Osborne: My hon. Friend is right. Low interest rates are helping to keep people in their homes, mortgage payments down and businesses going. If hon. Members want to know what the alternative would be, they should look across the Channel to European countries in the middle of the debt storm, with interest rates going up. We can see that is a path that we must avoid, but we will only do so if we do not follow the policies advocated by that lot opposite.

Mr Andrew Love (Edmonton) (Lab/Co-op): Will the Chancellor now take the opportunity to admit at the Dispatch Box that £158 billion is the deterioration in the forecast that has just been announced? How long will it now take to balance the books, and is not the statement today an admission that this country will have more severe austerity going forward?

Mr Osborne: I said that the borrowing forecast had deteriorated, and—unlike the Labour party—I set up an independent body to ensure that those figures are independently verified and not fiddled, as they were by the shadow Chancellor when he was in office. I can confirm that borrowing would be £100 billion higher if we had pursued the spending policies set out by the Labour party.

James Morris (Halesowen and Rowley Regis) (Con): May I welcome the Chancellor's statement today, especially in its support for small business? I recently visited a company in my constituency, Somers Forge, which is growing and providing young people with training and support. Does he agree that that is precisely the sort of business that will benefit from some of the measures that he has announced today?

Mr Osborne: Absolutely. We are doing a huge amount to support small businesses through our rate policy, the national loan guarantee scheme that we have announced and the support that we have given to companies that innovate and want to bring those innovations to market. We are doing all those things to help the small businesses of this country so that they can create jobs and grow.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): The announcement of new investment in transport infrastructure is very welcome. Can the Chancellor confirm that that investment will not be funded by reducing or delaying existing projects, and what will his announcement mean for the future of the northern hub and investment in rail across the north?

Mr Osborne: I can give that confirmation. This is additional money that has come from savings in current spending. Specifically on the northern hub, the first part of that is the electrification of the Manchester to Leeds trans-Pennine express, but that will also benefit train travel times from Liverpool across the Pennines. We have also made other improvements like the Ordsall chord, which will help. We want to go further on the northern hub and the Department for Transport will produce proposals on that early next year.

Mark Lancaster (Milton Keynes North) (Con): Mr Speaker, you, I and many other hon. Members have campaigned long and hard for east-west rail and today's announcement is tremendous news for Milton Keynes. As the Transport Secretary is in her place, can my right hon. Friend the Chancellor confirm the possibility that we will have east-west rail and, at the junction between east-west and High Speed 2, could there perhaps be a Buckinghamshire Parkway station so that residents of Buckinghamshire could enjoy the benefits of High Speed 2 as well as the pain?

Mr Osborne: I do not think that a decision has been taken on stations, but I agree with my hon. Friend that we need to bring home to the people of Buckinghamshire the benefits of high-speed rail.

Mr Speaker: Hmm, yes.

Naomi Long (Belfast East) (Alliance): The Chancellor stressed the importance economically both of regional connectivity and infrastructure. Can he confirm whether the Northern Ireland Barnett consequentials of the infrastructure changes will be ring-fenced? Further, can he offer any good news on air passenger duty for those who rely entirely on regional flights for that connectivity?

Mr Osborne: It will be up to the devolved Administration to choose how to spend the money that is allocated to them, but of course as it is one-off money—being capital spending—they will need to think carefully about how they spend it. On aviation, the Department for Transport will set out an aviation strategy, but it is confirmed in today's document that we were able to take the decision that saved the long-haul flight from Belfast to north America.

David Rutley (Macclesfield) (Con): I welcome the Chancellor's statement and the announcement today that the Manchester airport A6 link road will be brought forward. That will be a real boost for Manchester and north-east Cheshire. Does my right hon. Friend agree that capital investment is the right way to strengthen our regions, rather than relying on the increases in public sector spending that we saw from the last Government?

Mr Osborne: My hon. Friend is absolutely right. As my constituency is affected by that road link, I very much welcome it, although I stress that the decision was not taken by me for that reason. He will know, and local people will remember, that that road scheme was cancelled in the first week of the Labour Government in 1997, and I am glad that we have now been able to take steps to help south Manchester and north Cheshire grow.

Geraint Davies (Swansea West) (Lab/Co-op): The Chancellor has already announced 500,000 job cuts in the public sector alongside pay freezes, both of which have deflated demand, reduced growth and helped to increase the deficit by £158 billion. He is now imposing a 3% income tax on all public servants dressed up as a pension contribution for a lower pension after working longer. Will he accept that that will mean a 3% reduction in the spending power of all public servants, which will be deflationary and which, as well as being unfair, unwise and discriminatory, will provoke an unnecessary strike tomorrow?

Mr Osborne: We are basing our pension reforms on the report from Lord Hutton. He particularly focused on the benefit, but he said that there was a case for the increase in contributions. He also said recently that it was frankly difficult to imagine a better deal. That was the former Labour Pensions Secretary. What I do not understand is what exactly the Labour party's policy is on this. It is absolutely silent. Are you in favour of increased contributions? *[Interruption.]* If you are not in favour of the increased contributions, where in your so-called five-point plan are you spending the money to stop those contribution increases? It is completely economically illiterate—*[Interruption.]* The hon. Member for Dudley North (Ian Austin) talks about negotiations. Why do he and his party not condemn the strike, urge the unions to sit round the table and negotiate with us to get a deal, especially as the former Labour Pensions Secretary, John Hutton—a man I know the hon. Gentleman really admires—says that it would be difficult to get a better deal?

Mr Speaker: Order. I may or may not be economically illiterate, but I gently, tentatively and courteously point out to the Chancellor that I do not have a five-point plan.

Robert Halfon (Harlow) (Con): I thank the Chancellor for listening to millions of hard-pressed motorists and the Fair Fuel UK campaign and for not raising fuel duty next year. Is he aware that that will save 37,000 Harlow motorists more than £1 million next year? Will he listen to Essex man once again and set up a commission to look at the long-term problems of petrol and diesel price rises and see whether anything more can be done?

Mr Osborne: I should pay particular tribute to my hon. Friend, who has led a dogged campaign on behalf of the people of Harlow and of the whole country to get some relief from the increases in petrol taxes that were planned by the last Labour Government. I am delighted that we have been able to help. I always listen to Essex man, who is represented in the form of my hon. Friend.

Mrs Mary Glindon (North Tyneside) (Lab): Will the Chancellor acknowledge that public sector workers are themselves taxpayers who make a massive contribution to the good of the country, and will he stop treating them like leeches on the public purse?

Mr Osborne: Of course people who work in the public sector pay taxes and make an enormous contribution to the British economy, but the hon. Lady should recognise that public sector pay restraint and pension reform at a time such as this is one of the ways in which we can reduce the impact of the very large deficit that her Government ran up on the public sector work force.

Charlie Elphicke (Dover) (Con): I give a wholehearted welcome to the announcement concerning the lower Thames crossing, which will make a big difference to Kent, as will the massive help for small business finance. May I make a plea to the Chancellor to look further at small business equity finance? In particular, will he consider whether there is scope for expanding, or possibly floating, the business growth fund?

Mr Osborne: I am very happy to look at ideas to enhance the business growth fund, which is principally operated by the banks, under which they have committed to invest in the equity of small companies. We have already announced the seed enterprise investment scheme, which will help angel investments in companies. I am glad that my hon. Friend supports the commitment that we made to the new crossing at the lower Thames.

Mark Durkan (Foyle) (SDLP): The Chancellor has proclaimed support for business and jobs in the present climate. He also puts at a premium innovation, productivity and exports. Do his plans therefore extend to assisting firms in the sterling zone—I am talking particularly about the areas of medical devices, life sciences and sustainable technologies—that are finding the flow and scale of orders from eurozone countries compromised and the reliability of payments damaged because of austerity measures in those countries?

Mr Osborne: I am not sure that I agree with the hon. Gentleman that austerity measures are to blame, but I certainly agree that that is a real problem. Of course one of the consequences of the ongoing eurozone crisis has been an increase in bank funding costs across the European continent. The further disruption to the financial system is having an impact on exports to the eurozone, which is one of the reasons that this crisis is having a chilling effect on the British economy. Later today, I will be going to another meeting of European Finance Ministers in Brussels to try to get a better resolution of the problems.

Mary Macleod (Brentford and Isleworth) (Con): In my constituency in the London borough of Hounslow, we have a real and immediate shortage of school places. I therefore welcome the Chancellor's announcement today of the £600 million investment in school places. Will he confirm that that will mean an extra 40,000 places for school children and will he say when that money will become available?

Mr Osborne: We are addressing the problem of basic need, which was ignored by the previous Government. I know in places such as my hon. Friend's constituency, the problem is acute. Let me write to her about the specific impact on her constituency and how many additional places the investment will create in the surrounding area.

John McDonnell (Hayes and Harlington) (Lab): In my constituency, religious and community organisations are now providing food parcels to poor families. At the same time, we are seeing executive pay and remuneration soar. There was nothing in the Budget statement that addressed executive pay or remuneration. Are the Government going to bring forward some controls to tackle that obscene inequality?

Mr Osborne: I know that the previous Government were

"intensely relaxed about people getting filthy rich".

We are introducing transparency in pay. We are bringing regulations before the House to force banks to disclose the incomes of their eight highest paid employees. We are also consulting on high pay more generally. We have introduced the bank levy, which the previous Government failed to introduce in 13 years and which the shadow Chancellor could have introduced when he was City Minister, but never did.

Anne Marie Morris (Newton Abbot) (Con): I congratulate the Chancellor on his support for micro-businesses, which, as he well knows, I extensively champion. The extension to small business relief is great and the new seed enterprise investment scheme is fantastic. Can we hope to have more focus on the very important tiny companies that are too often overshadowed by the big brother SMEs? They are the area for new jobs and for growth in the economy.

Mr Osborne: My hon. Friend is indeed a powerful champion of micro-businesses. She has spoken to me about them on a number of occasions in the past year. We have set out a number of measures that will help such businesses, including the rate relief holiday, the seed investment scheme and the support for innovation. We are consulting and having a call for evidence specifically on compensated no-fault dismissal for firms of fewer than 10 employees.

Lilian Greenwood (Nottingham South) (Lab): Why are hard-working families on tax credits, low-paid public sector workers and the thousands of young people in my city with no job paying the price of the Chancellor's economic failure while he lets bankers keep their bonuses?

Mr Osborne: It was the Labour Government who let the City explode. They allowed that to happen when the shadow Chancellor was the City Minister. They had 13 years to regulate the City and I suspect that on not one occasion did the hon. Lady write to either Tony Blair or the last Prime Minister calling for that regulation. The Labour party presided over the biggest financial crisis in our country's history. We are properly regulating the banks and introducing ring-fencing. We have brought in a permanent bank tax and transparency in bankers' pay. None of those things existed in the 13 years of Labour Government.

Jeremy Lefroy (Stafford) (Con): I welcome the Chancellor's statement which includes measures that will really help Staffordshire such as the M6 managed

[Jeremy Lefroy]

motorways scheme and the announcement on energy-intensive industries. How much does my right hon. Friend expect to make from the anti-tax avoidance measures that he has taken and that the previous Government did not?

Mr Osborne: I am glad that my hon. Friend welcomes the support that we have given to businesses and families in Staffordshire. I am also glad that he welcomes the M6 managed motorways scheme. We have taken specific measures to deal with both tax avoidance and unfair tax treatment. For example, the measures that I have announced to deal with double tax relief and asset-backed pension contributions will raise £450 million and the measures to deal with low-value consignment relief, which was strangling music shops on our high street, will raise £100 million. We have taken action, which the previous Government failed to take, to ensure that everyone pays their fair share.

Paul Farrelly (Newcastle-under-Lyme) (Lab): I look forward to meeting the Chancellor over the Prime Minister's broken promise to award an enterprise zone to north Staffordshire.

Regarding lending to small business, can the Chancellor confirm that under his loan guarantee scheme, the credit risk will remain with the banks? If so, how will it work in practice given that the banks have been averse to lending and expanding their balance sheets? Furthermore, what safeguards will there be to ensure that they do not largely fatten interest margins and their profits under his scheme?

Mr Osborne: Of course I am happy for the hon. Gentleman to be part of those discussions on enterprise zones. Many areas of the country put in bids for enterprise zones. We were able to give the go-ahead to only the 22 that we announced previously and the two now for Humber and Lancashire, which I have confirmed today. There is also the expansion of the north-eastern one to the Port of Blyth, which is warmly welcomed on the Opposition Benches. I am happy to meet the hon. Gentleman to discuss the problem. On the national loan guarantee scheme, he is right to say that we have to get the audit trail right. We are looking very closely and seeking to model a lot of what we are doing on the European Investment Bank's scheme, which already delivers lower rates to small businesses in Britain. It is a small scheme but the procedures are already in place. I can confirm that the credit risk of the small business loan sits with the banks.

Andrew Bridgen (North West Leicestershire) (Con): Does the Chancellor agree that the Government must continue to oppose the calls from the Labour party to adopt its plan B? When in government, it took our country to the brink of bankruptcy, and adopting its plan B would risk pushing it over the edge. The B in Labour's plan B stands for bankruptcy.

Mr Osborne: It is indeed a plan B for bankruptcy. It is striking that no mainstream or centre-left party in Europe, other than the Labour party, currently advocates more spending. I can reach only one conclusion: the Labour party does so only because the man that it has chosen to be its shadow Chancellor is the man more identified than almost anyone else apart from the previous Prime Minister with the financial and economic mess that this country got into.

Chris Williamson (Derby North) (Lab): The Chancellor claims to support the manufacturing industry and told the House at the conclusion of this year's Budget speech that he wanted to be

"carried aloft by the march of the makers" —[*Official Report*, 23 March 2011; Vol. 525, c. 966.]

in order to create jobs and support families. Will he explain, therefore, why he thinks it a good idea that the Government are undermining and potentially destroying the British train-building industry by building trains for the Thameslink line in Germany rather than at the Bombardier factory in Derby?

Mr Osborne: The hon. Gentleman should be straight with the House. That was a contract signed by the previous Labour Government—[Hon. Members: "No it wasn't."] It was a procurement process initiated by the previous Labour Government that left no other option for the British Government than the contract signed. That was the contract that we were forced to deal with under the rules of the previous Labour Government. In the autumn statement document, we set out changes to procurement rules to ensure that these sorts of things do not happen again. I can also confirm that we have committed to building 130 carriages on Southern Rail, and I very much hope that they can be built in Britain.

Sarah Newton (Truro and Falmouth) (Con): From his statement, it is clear that my right hon. Friend has listened carefully to businesses in the port of Falmouth, where we want to strike the right balance between protecting our environment and developing a sustainable regional economy and new jobs. Will he detail what measures he has put in place to overcome the obstacles in our way?

Mr Osborne: I remember visiting the Falmouth estuary with my hon. Friend and talking to the local harbour master, the port authority and others about the ridiculous situation whereby we cannot dredge the Falmouth estuary and expand the port. The specific reference in my speech to the EU habitats directive was in part a reference to what was happening in Falmouth. As Members will know, I am working extremely hard to overcome these problems so that we can get the estuary dredged, as it has always been dredged, create jobs in Falmouth and address the ridiculous imbalance in our society whereby, in order to protect seaweed at the bottom of the Falmouth estuary, we cannot dredge it and create hundreds of jobs in Falmouth.

Derek Twigg (Halton) (Lab): In view of the decision that the Chancellor has announced regarding the reduction in tolls on the Humber bridge, may I ask him—he, too, is a Cheshire MP—whether he will consider what can be done to reduce the proposed level of tolls on the Mersey gateway? More specifically, will he consider the condition limiting how much of the toll revenue Halton council can use to give discounts to local residents? As he knows, they can travel across the current bridge for free, but when the new bridge is built, both bridges will be tolled.

Mr Osborne: I very much want the second Mersey crossing to get the go-ahead, and the Government have committed the support, including financial support, to the specific plan. It has to be tolled to be paid for, however, as I am sure people understand, but I would draw a distinction with the Humber bridge: the debt on the Humber bridge was paid for many years ago and so the tolls were unreasonable. However, when providing new infrastructure, we have to find a way of funding it. It has to come either from general taxation—we are providing tax support—or out of the tolls. However, I shall consider the hon. Gentleman's specific point about the arrangements with Halton council, speak to my right hon. Friend the Transport Secretary and get back to him.

Iain Stewart (Milton Keynes South) (Con): Just three weeks ago, I set up an all-party group to campaign for the reopening of the east-west rail link. May I thank the Chancellor for agreeing to our requests, and will he confirm that the project has a benefit-cost ratio of more than 6:1 and is in line to generate up to 12,000 high-quality jobs along the route?

Mr Osborne: This is evidence of what a powerful campaigner my hon. Friend is on behalf of his constituents and Milton Keynes, and I am delighted that we can develop these plans, which have the potential to create many, many thousands of jobs. It would be good to reopen a railway line in Britain.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I am concerned that the Chancellor might be missing a trick. Hundreds of millions of pounds of European regional development funding are waiting to be drawn down by the UK, including £100 million for the north-east alone. Is the Government's failure to take steps to secure match funding—for example, through the regional growth fund—a deliberate policy or simply an oversight?

Mr Osborne: We are keen to make use of European funds where available, but there are issues of affordability with match funding. I can assure the hon. Lady, however, that if she contacts me with specific examples of European funding that she wants us to draw on, I will see whether it can be done.

David Mowat (Warrington South) (Con): The Chancellor will be aware that in the last year of the previous Government, the discrepancy in gross value added between London and the English regions reached 100%—the worst for two decades—so can he confirm that it remains at the forefront of his policy to fix this appalling situation?

Mr Osborne: Yes, absolutely. We must get the private sector in our regions growing. It is striking that, through all the years of the Labour Government—with the regional developments and their like—the disparity between the English regions actually grew. That is what happened under their regional policy. That was because they did not focus enough on getting the private sector growing. The Government can do that by supporting things such as the regional growth fund and through investment in transport infrastructure. I know that my hon. Friend has made a powerful case for improvements to Warrington town centre and traffic flow in the borough.

Stella Creasy (Walthamstow) (Lab/Co-op): The Government have today announced plans that take three times as much from families as from banks. Given that, as we now see, half of all households cannot make ends meet at the end of the month, does the Chancellor think that, under his plans, more or fewer people will be forced to borrow from legal and illegal loan sharks?

Mr Osborne: That is a pretty ludicrous question. We have tried to help families through the freeze in fuel duty in January and with rail fares, and we are uprating working and non-working-age benefits in the way that I set out. We were unable to pay the additional £110 on the child tax credit child element, as I explained. That is because of the substantial increase that the uprating will provide.

Mr Julian Brazier (Canterbury) (Con): I congratulate my right hon. Friend on focusing firmly on monetary policy. May I urge him to consider the box-ticking farce that is the lending policy of most banks and to focus his excellent credit-easing policy on those sectors, such as suppliers to the construction industry, that are particularly disadvantaged by it?

Mr Osborne: I want to ensure, in the way that I set out, that the national loan guarantee scheme is available to companies with a turnover of less than £50 million. As I mentioned in my statement, the business finance partnership, which has not had as much attention as the national loan guarantee scheme, is a £1 billion fund—it can be more if it succeeds—specifically targeted at mid-cap companies to provide non-bank financing for those companies alongside, for example, pension and insurance funds.

Mr David Anderson (Blaydon) (Lab): At a time when inflation is 5% and when the average nurse in this country has had a two-year pay freeze, faces two years of a 1% pay limit, a 3% theft on her pension and frozen or capped increments, does the Chancellor agree that over this Parliament the average nurse's living standards will fall by 10%, and that, if the plans for regional pay go through, people in the regions might be even worse off?

Mr Osborne: First, we have committed to real increases in the health budget, and the official—

Mr Anderson: Talk about pay!

Mr Osborne: Well, the pay comes out of the health budget, and the official policy of the Labour party is not to increase health spending in real terms. *[Interruption.]* This is rubbish: that is the stated position of the shadow Health Secretary; that is what he says. On pay, I want to hear from the shadow Chancellor at some point this evening whether he supports a 1% average pay rise in the next few years, because then we will know whether the complaints that the hon. Gentleman has just made have any force.

Michael Ellis (Northampton North) (Con): I warmly welcome the Chancellor's statement. Can he confirm that, despite the quack economics cited by those on the Opposition Front Bench, the chief economist of the OECD has said not only that we are on course, but that plan A is the right plan for this country?

Mr Osborne: My hon. Friend is right. The OECD was absolutely explicit in saying yesterday that we were right to be dealing with our debts, and if one looks, the forecasts for the UK were tough, but they were worse for many eurozone countries, which I am afraid is just an indication of the difficult world that we are in.

Richard Burden (Birmingham, Northfield) (Lab): The Chancellor will be aware of the widespread calls from manufacturing businesses to increase the range and extent of capital allowances. Did I hear him correctly that his proposal to increase them to 100% is restricted to some enterprise zones and is not available to others? If that is the case, how will he ensure that this will lead to an increase in investment, rather than displacement investment? In a place such as the west midlands, which already has some of the poorest areas in the entire country, how would a public sector worker reach any conclusion from today's announcement other than that he or she is being asked to work harder, for longer and for less, for doing the same job as somebody in the south-west or south-east?

Mr Osborne: First, we are today asking the independent pay bodies—which I think everyone in this House supports—to look at more local pay. That is the start of this process. Secondly, we increased capital allowances for short-life assets in the previous Budget. On the enterprise zones and the 100% relief that I have announced, there were specific proposals from the enterprise zones that I mentioned to attract new manufacturing and business into the zones. We are conscious that we want to avoid displacement activities, so we have given those capital allowances not to all enterprise zones, but to the enterprise zones that we think have the most compelling plans to create new businesses, and I hope that the hon. Gentleman would welcome that.

Joseph Johnson (Orpington) (Con): Hard-working commuters and others in Orpington who depend on Southeastern trains have for years been hit by a fare increase regime of RPI plus 3%. May I therefore welcome my right hon. Friend's decision to cap rail increases at RPI plus 1%, which will provide hard-working families with much needed support in these difficult times?

Mr Osborne: I welcome my hon. Friend's support. I hope that this measure will help people living in Orpington who commute into London to work and that it will really enable us to help local people at this difficult time with their costs of living.

Mr Ronnie Campbell (Blyth Valley) (Lab): I welcome the Chancellor's statement on the port of Blyth, which is something for which I have been fighting for a long time—I asked the Business Secretary about that only last week, so this is good, quick thinking. However, is the Chancellor aware that south-east Northumberland, where Blyth and the estuary are, has the highest unemployment in the north-east and perhaps the country? Will he consider making the estuary and all the land around it into an enterprise zone, bringing the jobs to where the unemployment blackspots are?

Mr Osborne: I think I had better capture the moment when I get a compliment from the hon. Gentleman. We have acted quickly on a specific proposal that was made for the port of Blyth. We are going to consult on it and get the detail right. I am happy to consider the proposal that he makes. It has to be affordable, of course, and it has to work in terms of encouraging enterprise and new business, but we are absolutely committed to the north-eastern zone and to the port of Blyth being a successful part of it.

Angie Bray (Ealing Central and Acton) (Con): I congratulate the Chancellor on a statement that is absolutely right for these tough times and, particularly for Londoners, on his investment in infrastructure projects. Will he consider, in discussion with the Transport Secretary, bringing forward the Crossrail infrastructure project to parts of London? That would be good not only for parts of London, but especially for my constituents. We have a station—Ealing Broadway station—that has been urgently in need of an upgrade for many years now.

Mr Osborne: I can give my hon. Friend an assurance that we are certainly not going to delay on Crossrail, which is currently being built—we can see that at the moment around London. We have looked at this, but with such a complicated project, I do not think that it is possible to advance it faster than it is going at the moment, because it is going as fast as it can.

Hugh Bayley (York Central) (Lab): I welcome the Chancellor's plan B. It is a small start, but at least it shows that his previous plan A—reduction of public infrastructure investment—was a mistake. Can he tell me what steps the Government will take to ensure that the construction companies that pick up contracts under his infrastructure investment scheme will take on apprentices, and also say how many jobs in the construction industry he thinks will be created by this £30 billion of investment?

Mr Osborne: I explained that, pound for pound and in each year, we were paying for infrastructure spending with savings in current spending or underspend, so the position is absolutely consistent with the plan that I set out before. On jobs, I have not put a figure on the total number of jobs created by all this infrastructure—I do not want to over-promise and under-deliver. It will create jobs, but we do not have a figure. We are dramatically expanding the number of apprenticeships. I want to ensure that they are in the construction sector, and I would certainly hope that large firms taking part in Government infrastructure investment projects—and, indeed, firms in our small business scheme—are also taking on apprentices.

Penny Mordaunt (Portsmouth North) (Con): May I welcome the Chancellor's vote of confidence in the space sector today? I hope that Portsmouth, via Astrium, might benefit directly from that investment, but wherever the money goes, can he confirm that this Government will be—if he will forgive the expression—a "launch customer" and that our procurement will support those companies in massively increasing their exports?

Mr Osborne: We are giving specific support to new satellite manufacturing, which is a real success story in Britain—it is one of those untold stories. I know that the sector is particularly successful in the area that my hon. Friend represents. From memory—I will certainly

correct the record if I have got this wrong—we are providing £25 million to support the development of new satellites, as a result bringing, we think, an additional £150 million of private sector investment into the small satellites sector, which I think is also taking place in the area that she represents. That is a good example of the Government trying to encourage the private sector and get jobs across the country.

Simon Danczuk (Rochdale) (Lab): The retail sector is finding it extremely difficult and is being hammered in the current economic climate, yet it is a sector that usually provides lots of jobs for young people. Did the Chancellor not consider a scheme to help underwrite credit insurance, in particular to help independent retailers?

Mr Osborne: If the hon. Gentleman has specific proposals on credit insurance, I will be very happy to look at them. When it comes to credit easing more broadly, I have set a £40 billion envelope, although I have committed only £21 billion today, as it covers the two schemes that were ready to go: the national loan guarantee scheme and the business finance partnership. We are looking at partnership schemes and other things that might work within the envelope, and of course we are vigilant about conditions in the broader economy—including issues such as trade finance—that might be affected by the eurozone crisis.

Gavin Williamson (South Staffordshire) (Con): I am sure that the Chancellor is aware that Jaguar Land Rover is currently constructing an engine plant in an enterprise zone in my constituency of South Staffordshire. Does he agree that measures on enterprise zones, R and D tax credits and infrastructure development will help the continued manufacturing revival?

Mr Osborne: Yes, I of course agree with my hon. Friend. Again, another success story at the moment is the car industry. I am absolutely delighted by Jaguar Land Rover's announcement, which is a real vote of confidence in the UK—the company could have constructed that engine plant elsewhere in the world. The announcements that I have made on R and D above-the-line tax credits will also help larger companies do their R and D in Britain.

Jim Shannon (Strangford) (DUP): One of the biggest problems of modern society is youth unemployment. The Chancellor said that companies would be given national insurance discounts and other incentives to recruit and train young people. What other help will they be offered for that purpose?

Mr Osborne: We are helping companies to train young people through our apprenticeship programme, and I am happy to be engaged in active discussion with the devolved Administration in Northern Ireland about how that help can best be delivered there.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): I thank my right hon. Friend for his statement and welcome his announcement of a national infrastructure plan, particularly in the context of south Essex. There is no doubt that investment in vital infrastructure is a key driver of growth. Will he agree to work with Members in areas that will benefit from the investment, to ensure that we obtain the best return on it both locally and nationally?

Mr Osborne: I certainly give that commitment, and I hope that south Essex will benefit from the commitment that we have already given today to work on a third crossing over the lower Thames. There are a number of possible locations for it, but it will definitely help economic activity both north and south of the Thames.

Julie Hilling (Bolton West) (Lab): Before the general election, growth was increasing, the deficit was being reduced and unemployment was falling. Since the election, growth is down, borrowing is up and unemployment is going through the sky, and ordinary people are feeling the pain. Can the Chancellor truthfully tell us that his plan is working?

Mr Osborne: I had probably forgotten that we had inherited a golden economic legacy from the Labour party. What I remember is that we inherited a country that did not have a credible plan to deal with the deficit, which the credit rating agencies had put on negative outlook, and which the CBI, the OECD and all the other international organisations said lacked a credible plan.

Of course, as the OBR has made clear in its independent report, we are dealing with the consequences of the catastrophic failure of the last Labour Government to regulate financial services better, not least during the period when the shadow Chancellor was City Minister. That caused one of the deepest crashes of our country's history. *[Interruption.]* We no longer hear the phrase "No more boom and bust" from the shadow Chancellor. He invented that phrase, and he gave us the largest boom and the biggest bust in our entire history.

Mr Rob Wilson (Reading East) (Con): I congratulate the Chancellor on his statement, and in particular on the new tax breaks for private investors in start-up companies. As I have not seen the details yet, can the Chancellor briefly elaborate on how the system will work for smaller investors?

Mr Osborne: The seed enterprise investment scheme will provide 50% tax relief for all who invest in a qualifying start-up, even if they do not pay the 50% rate of income tax. The investment can be up to £100,000, although of course it can be much less. The companies involved can receive a maximum of £150,000. Those who have a capital gain can invest up to £100,000 of it in the scheme, and the amount will be tax-free for the next financial year. The scheme is aimed at small as well as slightly larger investors, and is designed to help start-up companies to obtain the finance they need.

Toby Perkins (Chesterfield) (Lab): The last Chancellor to see interest rates go through the roof was not a Labour Chancellor, but the one who was advised by this Chancellor's right hon. Friend the Prime Minister. If the Chancellor seriously thinks that the current level of interest rates is a sign of his success, will he consider any increase in interest rates to be a sign of failure?

Mr Osborne: We are doing all we can to keep our country safe in a debt storm. We need only look at the Italian bond auction today to see the market rates that

[Mr George Osborne]

Italy is paying. We are currently, in a debt crisis, borrowing money more cheaply than Germany. That represents a vote of confidence in the deficit plan of the United Kingdom.

Mark Pawsey (Rugby) (Con): I thank the Chancellor for listening to the representations of energy-intensive industries, and I welcome the measures that he has announced. They will be examined closely by companies such as CEMEX, which is in my constituency. Can he give us an estimate of the number of UK jobs that will be saved as a result of his measures, both directly and in the supply chain?

Mr Osborne: We have not made an exact estimate of the number of jobs that will be saved, but I am certain that these measures will help to keep such industries in the United Kingdom. It is important that we do not price our industry out of the world market. That would do nothing to reduce our carbon emissions, but it would damage our economy. We have worked with the energy-intensive industries and the business organisations to develop our package, and I think that it achieves the right balance between ensuring that those industries remain competitive and meeting our international environmental obligations.

Sheila Gilmore (Edinburgh East) (Lab): The Government have made a virtue of wanting to make work pay. How does it make work pay first to reduce child care tax credit, and then not to upgrade working tax credit in the same way as out-of-work benefit?

Mr Osborne: We are uprating the child care element of child tax credit, along with other elements of child tax credit, in line with September CPI inflation, so it is not true to say that we are not uprating child tax credit. We had to make a difficult decision on working tax credit, but we think that one of the best ways of supporting low-income working people is to take them out of the tax system altogether.

Richard Graham (Gloucester) (Con): Last week I met members of the committee of the Federation of Small Businesses in my constituency to hear about their principal difficulties, one of which was gaining access to affordable finance. Today I believe that both they and manufacturers in Gloucester will be especially pleased to hear about the Chancellor's creation of a national loan guarantee scheme to provide more and affordable finance. As he said, that will be the best key to increasing growth and the number of apprenticeships and reducing unemployment in our city and elsewhere. When does he expect the scheme to be open for business?

Mr Osborne: We hope to get it up and running in the next couple of months. We must clear the state aid hurdles—I am afraid that that is a fact of life—but we have been making good progress, and we hope that following the European Investment Bank scheme that already exists will make the process relatively simple. We are open to other credit-easing programmes such as partnership schemes, which some people have suggested, and we want to work with the Federation of Small Businesses and others to ensure that small businesses receive their money in the form of reduced rates for those who participate in the scheme.

I said explicitly in my statement that we would not make the best the enemy of the good. We must get the scheme up and running as quickly as possible in order to help companies in Gloucester and elsewhere that have found it difficult to gain access to finance over the last three or four years.

Jessica Morden (Newport East) (Lab): The Chancellor referred earlier to the Severn bridge tolls. Can he be more specific about what he can do to help, in view of the assistance that he has given to the Humber bridge?

Mr Osborne: The issue of the Severn bridge tolls is different. There will come a point later in the decade when the question arises of what we do with the toll income and how it is allocated between England and Wales. I want to establish, in discussion with the Welsh Government in Cardiff, whether we can arrange to use the money from the tolls to support the M4 corridor in south Wales.

Rehman Chishti (Gillingham and Rainham) (Con): I welcome the Chancellor's statement, and, in particular, the help given to commuters in my constituency who will save £67 on their season tickets to London. Will he confirm that the shadow Chancellor's illegal fuel tax policy contravenes annex III of the EU directive on VAT?

Mr Osborne: It does. It is an illegal policy, which is a novel thing for an Opposition to advance. As I have said, fuel duty and taxes would be 10p higher if we had not acted in the Budget or in the autumn. *[Interruption.]* I still have not heard whether the shadow Chancellor supports what we have done on fuel duty. He will probably say yes, but he will not say how he would fund it. As, unfortunately, he did not discover at the Treasury, we must make the sums add up in order to keep the country's books balanced and ensure that we stay out of a debt storm.

Heidi Alexander (Lewisham East) (Lab): In the first nine months of this year, on the Chancellor's watch, long-term youth unemployment in my constituency increased by 192%. I ask the Chancellor this: how can it be right that young people in my constituency are paying the price for the Government's abject failure to get the economy moving?

Mr Osborne: Unfortunately, the young people the hon. Lady refers to are paying the price for the biggest boom and bust in our country's economic history, which the Government she supported presided over. What this coalition Government are doing is introducing a youth contract to help those people in Lewisham and elsewhere. It will provide work experience after three months for the unemployed, it will require weekly signing on after five months, and it will provide subsidised jobs in the private sector, encouraging businesses to get people into work and offer apprenticeships. In return, it will ask those young people actively to look for work, and there are sanctions if they do not do so. That is what we are offering the young people of Lewisham, who were so badly betrayed by a Labour Government.

Mr Philip Hollobone (Kettering) (Con): I thank the Chancellor for his £110 million vote of confidence in Kettering with the approval of two major road schemes:

the widening of the A14 Kettering bypass, and the go-ahead for the A43 Corby link road, which is also known as the Geddington bypass. When does he anticipate the diggers will move in and construction can start?

Mr Osborne: If I may, I will write to my hon. Friend with a specific answer on when the diggers will start on the widening of the A14 Kettering bypass and on the Corby link road, but these are commitments for this spending review so it is in the next few years and not at some future date. I know how important both those roads are for the local economy and for local people, and I am really pleased that, thanks in part to the campaign and the support of the local Member of Parliament, we have been able to give them the go-ahead.

Mr Speaker: We look forward to hearing about the dates for the diggers, as I am sure do the people of Kettering.

Jonathan Ashworth (Leicester South) (Lab): May I push the Chancellor a little further on borrowing, because so far in the exchanges he has not quite brought himself to admit that he is going to be borrowing £158 billion more than he planned to borrow a year ago? Will he confirm that that is the case—yes or no?

Mr Osborne: I set out the borrowing figures to Parliament and what the hon. Gentleman should admit is that the plan he is pursuing would add to the borrowing. We cannot borrow our way out of a debt crisis, and as long as the Labour party goes on advocating that approach, I suspect that its credibility will fall and fall.

Mr Peter Bone (Wellingborough) (Con): I am slightly concerned about whether the health of the shadow Chancellor is in order, as he has spent the past hour muttering to himself. However, may I ask the Chancellor whether he thinks that new Government policy should be announced to Parliament first?

Mr Osborne: I am always keen that Parliament is kept fully informed.

Martin Vickers (Cleethorpes) (Con): On behalf of my constituents, I thank the Chancellor for the many initiatives that he has introduced for northern Lincolnshire and Humberside. Of course I cannot let the moment pass without a particular word of thanks for what he has done on the Humber bridge tolls, as it will be a great boost to the local economy. The national infrastructure plan rightly says that we have to wait until the new planning framework is in position before we can speed up the planning process. A number of major investments are pending in my constituency. Can he assure me that the full weight of the Government will be behind them to speed them along?

Mr Osborne: My hon. Friend absolutely has my assurance. If he wants to contact me with specific proposals that will create jobs in Cleethorpes and elsewhere in Lincolnshire, would he please let me know and I will do what I can to advance them, within the rules and the planning laws. As he knows, I am trying to reform those laws to make it easier to get the go-ahead for development that is sustainable and in tune with our broader environmental objectives. I want to make the planning system more rapid, and I should put on the record that the campaign that he has fought with other Members to get those Humber bridge tolls reduced shows that Cleethorpes has a powerful champion in my hon. Friend.

Julian Sturdy (York Outer) (Con): As a Yorkshire MP, I strongly welcome the Government's decision to electrify the trans-Pennine rail link between Leeds and Manchester and the huge boost that that will bring to our northern economy. As a York MP, too, may I ask the Chancellor whether the Treasury has examined the strong economic case for linking Leeds to York?

Mr Osborne: I do not have the specific details in front of me, but I will certainly engage with my hon. Friend on that proposal, and I hope that we can advance it.

Neil Carmichael (Stroud) (Con): There are many substantial measures to welcome in this package, but I wish to focus on the national loan guarantee scheme, because it will help many small businesses in my constituency, particularly those in the manufacturing and engineering sector. Does the Chancellor agree that what we should be hoping for from banks is more sophistication when they allocate money to small businesses and more analysis of what the prospects of small businesses actually are?

Mr Osborne: Yes, I think that we all want to see a move to a banking system that is more responsive to local businesses and local people and that is not just based on a computer model that allocates credit and the computer says no. We want to return to having local bank managers empowered to make decisions, and a number of banks are doing this. One of the notable successes at the moment is Handelsbanken, which is out there lending money to small businesses and taking more of this local approach.

Alun Cairns (Vale of Glamorgan) (Con): The Chancellor's statements of support in favour of energy-intensive industries will be welcomed in south Wales, the midlands and the north, which are areas that have seen a particular decline in manufacturing over the past decade. The statements will be particularly welcomed by Dow Corning, a chemical manufacturing company in Barry in my constituency. How will they work in practice in order to support these companies in reducing their energy bills?

Mr Osborne: We are going to provide specific compensation for electricity-intensive businesses affected by the EU trading system and by the carbon price floor. We are also going to increase the climate change levy relief and work to make sure that those businesses are not adversely impacted by the electricity market reforms. We have a suite of measures, but the overall intention is clear: we want to help businesses such as the one in my hon. Friend's constituency. I should say that I was first alerted to what we can do by a visit before the election to the steel works in Port Talbot, where I was very struck with the argument made there that the business could simply be moved to Holland if we did not act. We have been able to come forward with help that I think is going to support industries in south Wales.

Stephen Hammond (Wimbledon) (Con): I warmly welcome my right hon. Friend's statement, the many measures in it and, in particular, the reaffirmation of his commitment to ensuring that we overcome Labour's debt storm. Many hard-working families in my constituency who aspire to buy their own homes will be pleased with today's measures to ease the housing market. Will he confirm how many people nationally he expects the mortgage indemnity scheme to help, when it might start and how many jobs it is likely to create?

Mr Osborne: From memory, I think it is going to help 100,000 people, and that is a real boost. With the other housing measures we are taking, including the support for stalled sites—the £400 million package we are providing—we hope that that is going to create several hundred thousand jobs in the construction industry over the period going forward. The 50% right-to-buy discount we are introducing revives one of the most effective social policies of the past few decades—one that the Labour leader recently had to admit had worked and that the Labour party was wrong to oppose. A crucial additional element is that we are going to use the money to build social housing, which is why I think it is a policy appropriate to the modern age.

Bob Blackman (Harrow East) (Con): One of the key inflationary pressures on the cost of housing is the level of housing benefit available, which was scandalously allowed to rise out of all proportion under the previous Government. Will my right hon. Friend confirm that there will be no slackening of controls over housing benefit, so that housing costs can be controlled?

Mr Osborne: I can absolutely assure my hon. Friend that we are going ahead with the cap on housing benefit, which is an important part of controlling costs. It is not fair that working people pay taxes to fund the rent for people who live in houses that those working people could never afford out of their salaries. It is quite right to introduce a cap to try to control those costs. Of all the benefits provided under the previous Government, this was one that really went through the roof, so to speak. Dealing with it and controlling it is a very important policy and it is a tragedy that the Labour party opposes the measure and no doubt wants to get rid of it at the next election.

Graham Evans (Weaver Vale) (Con): Mrs Evans informs me that my three children will be on an unforeseen holiday tomorrow and I wondered whether my right hon. Friend would join me in urging the unions to call off tomorrow's irresponsible strike. Does he agree with the shadow Chancellor's "huge sympathy" for those going on strike tomorrow?

Mr Osborne: We should not be having a strike tomorrow. Negotiations are ongoing and we want those negotiations to conclude. I urge the unions, even at this late hour, to call off the strike and stop doing something that will damage the British economy and potentially cost jobs. Let us get around the table and try to get a deal, because I think that what is on offer is not only generous to the public sector and people who rely on public sector pensions but is also fair to the taxpayer. As Lord Hutton, the former Labour Pensions Secretary, has said,

"it is hard to imagine a better deal".

I urge the trade union movement to take the deal.

Mr Speaker: I am grateful to the Chancellor and to colleagues, whose succinctness has enabled 96 Back-Bench Members to question the Chancellor in 97 minutes of exclusively Back-Bench time. That shows what can be done.

Points of order

3.20 pm

Mrs Anne McGuire (Stirling) (Lab): On a point of order, Mr Speaker. Yesterday, just after Department for Work and Pensions questions, you said, in response to my hon. Friend the Member for Wallasey (Ms Eagle), that you were concerned that Government statements were being given to the media before coming to the House. In response to a question from the hon. Member for Wellingborough (Mr Bone), the Work and Pensions Secretary said that all statements from his Department would be made to the House.

When the Minister with responsibility for disabled people, the Under-Secretary of State for Work and Pensions, the hon. Member for Basingstoke (Maria Miller), was asked a direct question yesterday on what she was going to do about disability living allowance and people in residential care homes, she said that she would come forward with her final response. However, the 80,000 people who were affected by the relevant proposal could have found out the answer this morning, had they turned to page 8 of *The Times*, where the Minister says that she will announce that she is going to reverse the decision.

Mr Speaker, have you received any indication from the Secretary of State or the Minister as to why they did not seek the opportunity to make that statement at yesterday's DWP questions, during Report of the Welfare Reform Bill in the House of Lords, or at any point during the progress of that Bill through the House of Commons, but instead waited to give a statement to *The Times*?

Chris Williamson (Derby North) (Lab) *rose—*

Mr Speaker: I am grateful to the right hon. Lady for her point of order. The short answer to her inquiry is no, I was not given any indication by any Minister on that matter. Naturally, the timing of Government statements is a matter for Ministers, as is whether a Minister chooses to make an announcement via oral questions or during a debate in the House. However, the basic point stands that policy announcements should first be made in the House and not through the newspapers. I understand the very real concern that exists on this matter because it is shared by me, and I have discussed it with the Leader of the House.

More widely—I will entertain the point of order from the hon. Member for Derby North (Chris Williamson) in a moment if he wishes to pursue it—let me emphasise my approach to today's proceedings. I hope that the House will understand that I felt the matters in question had been rather fully aired outside the House, and it is therefore entirely to be expected that the opportunity should be provided for matters to be fully aired in the House. I know that the Chancellor would accept that as being entirely right and proper. The issues have been explored very fully. That, at least, is a satisfactory state of affairs.

Chris Williamson: On a point of order, Mr Speaker. In his response to my question, the Chancellor inadvertently misled the House when he said that the previous Government had signed the contract for the Thameslink rolling stock programme. Can you, through your good offices, invite him to come back to the House to set the record straight so that there is no doubt about the situation—that the contract has been signed, at least to preferred bidder status, by this Administration and not by the previous one?

Mr Speaker: That is a testing point of order from the hon. Gentleman. All hon. Members, including Ministers, are responsible for the content and accuracy of the statements they make to the House. If an error has been made it is the responsibility of the Member who made it to correct it. I am sure that the Chancellor's attention will have been drawn to the point of order raised by the hon. Gentleman and there may or may not be a response from him. If, however, the hon. Gentleman is dissatisfied, I feel sure, on the strength of my 18 months' acquaintance with him, that he will pursue the matter like the veritable woodpecker he has proved to be. Perhaps we can leave it there for today.

Mr Peter Bone (Wellingborough) (Con): On a point of order, Mr Speaker. I wonder whether you could advise me how I can get on the record the fact that the Backbench Business Committee has arranged a debate on Monday about ministerial statements.

Mr Speaker: Well, the hon. Gentleman has done so. He will have warmed the cockles of the hearts of committed parliamentarians in all parts of the House. For my part, I will go about my business with an additional glint in my eye and spring in my step by virtue of knowing what he has just told me.

As there are no further points of order, we come now to the ten-minute rule motion, for which the hon. Member for Mitcham and Morden (Siobhain McDonagh) has been so patiently waiting.

Electoral Register (Access to Public Services)

Motion for leave to bring in a Bill (Standing Order No. 23)

3.25 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): I beg to move,

That leave be given to bring in a Bill to introduce a requirement that electoral registration be a condition of access to public services; and for connected purposes.

I am introducing this Bill because I believe in the power of democracy. Earlier this summer, we saw the consequences of alienation. The Secretary of State for Work and Pensions described

"a divided society, with a destructive minority apparently detached from notions of right and wrong".

Of course, the riots were individual acts of criminality, but I agree with him that a large number of people feel so detached from society that they have nothing to lose. There is a democratic deficit. I therefore believe that we should actively include our whole community in our democracy, to combat such alienation.

At present, registering to vote is just about the nearest thing that we have to a social contract. It is an acknowledgement that we live in a democracy and that we abide by the outcome of that democracy, yet around 3.5 million people are not registered to vote. According to the Electoral Commission that minority, who are not engaged, are likely to be made up of the disadvantaged: young people, people on low incomes, private sector tenants, some but not all ethnic minorities, and people with disabilities.

My Bill aims to bridge the gap between that excluded group and the rest of our community because social breakdown takes place in that gap. If someone wants to access housing benefits, a state pension, a national insurance number or even a driving licence, they will need to be on the electoral register if the Bill is passed. I do not think that that is a great imposition. After all, if someone needs to be on the electoral register to get a credit card, why is it a problem to be on it to get a driving licence?

Linking access to public services with the electoral register will increase participation and provide an explicit link between the democratic process and the benefits that we enjoy because we live in a democracy, and, yes, it is tough love. It will mean that if people want the benefits of living in a democracy, they need to sign up to democracy. If they do not like living in a democracy, fine, they need not sign, but they should not expect all the good things in return.

Already, the electoral register has many useful purposes —for instance, it is the source of deciding who does jury service—and it is already possibly the country's most cost-effective anti-crime database. The police use it if they want to catch up with someone or need to find out who a suspect might live with or know. Banks and credit companies use it to prevent fraud. Many councils already use it to check that people are paying their council tax or are on the right benefits. Charities and direct marketing companies use it to help their businesses and to raise funds for countless good causes. Finally, of course, its most important role is to give people a chance to vote. It is therefore in everyone's interests for the electoral register to be as comprehensive as possible.

My Bill will target precisely the people who are unlikely to register, to bridge the 3.5 million gap. Sadly, we also need the Bill now to remedy a number of other measures being introduced by the Government that every commentator expects will widen that gap. First, they plan to make registering to vote optional. That is a dangerous step. It will legitimise disengagement and institutionalise an underclass. In countries where registration is optional, the already disadvantaged are those most likely to lose out. In the US, only six in 10 people on incomes below $20,000 register, and registration rates are just as low among under-25s and people who rent their homes—precisely the demographic of those who were involved in our riots.

The Government have suggested that councils might not need to chase up electoral registration forms with an annual canvass of every property. Again, I think that that is a retrograde step. My council, Merton, has told me that its canvass is effective. Before it took place, only 65% of homes returned their forms; afterwards, 97% did so. Finally, the Government have said that they would stop mums and dads registering their children to vote. When individual registration was introduced in Northern Ireland, the register collapsed by 11%, and the Electoral Commission said that that adversely affected disadvantaged groups—just the sort of people with whom we most need to engage to prevent exclusion.

Combined, the Government's measures are likely to take about a third of voters off the register—more in areas of deprivation. People on the edge of society will further disengage, and we will institutionalise the underclass. What is worse, because the register will be less accurate and comprehensive, far from preventing fraud the proposals will increase it. The Government's own papers admit that fraudulent electoral registration is "rare", and that 20 times more people are satisfied with how they register to vote than dissatisfied. Only 2% of us think that registering to vote is "very unsafe".

There is little incentive to register fraudulently, because councils such as mine already use the electoral register to ensure that everyone pays council tax. In fact, the electoral register is widely seen as more accurate and less prone to fraud than virtually any other data set. A number of councils have looked at using other databases to improve the electoral register, but the consensus seems to be that the electoral register is already the best. They have told the Select Committee on Political and Constitutional Reform that other databases

"tell us what we do know, rather than what we don't".

Many other databases are terrible by comparison. The Department for Work and Pensions database, for instance, includes people who are dead or who have left the country, and it does not include any information about nationality. As the information industry and crime fighters have known for years, the electoral register is the most accurate, because it is based on better intelligence from the people who actually live at each address and know who else does. Instead of undermining the electoral register in the mistaken belief that fraudulent voting is widespread, we should place greater emphasis on it in order to tackle other fraud.

The problem with our electoral register is not that there are too many people on it; it is that there are still 3.5 million who are not. My Bill is therefore a remedy for the Government's proposals. It will reinstate those missing millions, the majority of whom may be eligible

for benefits, tax credits, a state pension, a driving licence and so on. It will make the register even more accurate, and it will ensure that even more disadvantaged people engage in the democratic process.

In the past few months, I have heard many speeches about social breakdown and an excluded underclass without a stake in their community. I have not heard anyone calling for a "something for nothing" society. What this Bill says is that we should live in a "something for something" society: public services in return for a civic duty. Registering to vote might seem like a small thing, but if we send the message that people have to sign up to democracy if they want the rewards of living in a democracy, who knows, we might even strengthen it.

Registering to vote is a symbol of engagement, and recognition that people are not on the margins but a full part of our society. We do not need to take millions of people without a stake in their community off the electoral register—that will only institutionalise the underclass. We need an explicit social contract, and the Bill will achieve that. It will tackle fraud and reduce social exclusion, but more than that, it will ensure that more people have a chance to vote. If they do not like what is going on in their community, they will not have to destroy local shops—they can get rid of us. On that positive note, I commend the Bill to the House.

Question put and agreed to.

Ordered,

That Siobhain McDonagh, Ian Austin, Hazel Blears, Mr Russell Brown, Rosie Cooper, Nic Dakin, Mike Gapes, Meg Hillier, Mrs Sharon Hodgson, Mr Andrew Love, John Mann and Mr John Spellar present the Bill.

Siobhain McDonagh accordingly presented the Bill.

Bill read the First time; to be read a Second time on 20 January 2012, and to be printed (Bill 255).

LONDON OLYMPIC GAMES AND PARALYMPIC GAMES (AMENDMENT) BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith (Standing Order No. 83A(7)).

That the following provisions shall apply to the London Olympic Games and Paralympic Games (Amendment) Bill for the purpose of supplementing the Order of 28 April (London Olympic Games and Paralympic Games (Amendment) Bill (Programme)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement at today's sitting.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any Question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*(Mr Newmark.)*

Question agreed to.

London Olympic Games and Paralympic Games (Amendment) Bill

Consideration of Lords amendments

3.35 pm

The Minister for Sport and the Olympics (Hugh Robertson): I beg to move, That this House agrees with Lords amendment 1.

Mr Deputy Speaker (Mr Lindsay Hoyle): With this we may take Lords amendments 2 and 3.

Hugh Robertson: The amendments address a technical concern raised by the Delegated Powers and Regulatory Reform Committee in the other place.

Hon. Members will recall that the London Olympic Games and Paralympic Games Act 2006 provides for the making of advertising and trading regulations. Under the Act, all such regulations, including amending regulations, are subject to the affirmative resolution procedure. The Bill, when we debated it earlier this year, would have amended the 2006 Act to provide that advertising and trading regulations, apart from the first set, could be made via the negative resolution procedure.

The Delegated Powers and Regulatory Reform Committee, in its report of 14 October, accepted the need to amend the 2006 Act to facilitate the amendment of the regulations via the quicker negative resolution procedure.

Keith Vaz (Leicester East) (Lab): I wonder whether the Minister has heard of the controversy surrounding the sponsorship of the Olympics by the Dow Chemical Company. As we approach this Friday, the 27th anniversary of Bhopal, there is concern among Indian athletes and Indian parliamentarians about the issue. Will it affect the regulations? If, for example, Dow withdraws its sponsorship or is asked to withdraw its sponsorship, will these regulations affect that in any way?

Hugh Robertson: The short answer is no. I am entirely aware of the controversy that the right hon. Gentleman mentions. I believe the Indian Olympic committee is meeting this week and plans to make a decision. I am told that it is not planning a boycott or anything like it, but clearly that is a matter for the Indian Government and their Olympic committee.

It is recommended that the Bill be amended to provide that the affirmative resolution procedure must be used unless the Minister considers it necessary, by reason of urgency, to use the negative procedure. As I made clear when clause 2 was debated in this House, it was always my intention that the negative resolution procedure would be used only when there was an urgent need to do so. As such, the Government were happy to accept the Committee's recommendation and to provide the additional clarification, and tabled amendments in Committee in the other place accordingly.

The effect of these amendments is that advertising and trading regulations will be made via the negative procedure only if the Minister considers that that is necessary by reason of urgency. In such a case, the regulations will confirm, on their face, that this is the

[Hugh Robertson]

Minister's view. They also provide for the corresponding procedure in the Scottish Parliament, for advertising and trading regulations made by Scottish Ministers.

What we mean by "urgency" is that, for reasons of time, it would be impractical to use the affirmative procedure and necessary instead to use the negative procedure. This is likely to be because the amending regulations have to take effect quickly, before the earliest date that affirmative regulations could practicably be made. In essence, then, the amendments simply provide further assurance that the negative procedure would be used only when there is an urgent need to do so, and as a result provides extra assurance to Parliament. That was always the intention.

Tessa Jowell (Dulwich and West Norwood) (Lab): I am pleased to support the Government's technical amendments, which I think strike the right balance between parliamentary accountability and the need to be able to respond flexibly to urgent changes in situations. As we draw this process to a close, I will take the opportunity to commend all the officials who worked on the earlier legislation with me when I was Secretary of State and now support the Minister in taking it forward. This legislation is important for protecting the essential vision and ambition shared by Members on both sides of the House for our Olympic games. It relates to protection against ticket touting and the need to ensure the smooth operational running of the servicing for Olympic and Paralympic venues.

There are just eight months until the start of the Olympics. They are under budget, the venues and the Olympic village have been built on time and the torch relay has been announced. There is a real sense of excitement across the country. There may not be many other opportunities allowed by the long title or any other event to debate the Olympics, but I know that the Minister is always available to discuss matters of outstanding concern, such as that raised by my right hon. Friend the Member for Leicester East (Keith Vaz) and the legacy. I can assure the Minister that all those discussions will be in the spirit of the cross-party support that has been such an important feature of the preparation for the games.

Keith Vaz: Before my right hon. Friend brings her remarks to a close, may I pay tribute to her—she has rightly paid tribute to the Minister and the fact that the projects are on time—for all she has done over the past six years to help to secure the Olympics and to work with the Government on an all-party basis? We are very proud of what she has done.

Tessa Jowell: I thank my right hon. Friend for his generous comments. I warmly support the amendments to the Bill.

Mr Don Foster (Bath) (LD): The right hon. Member for Leicester East (Keith Vaz) rightly praises the right hon. Member for Dulwich and West Norwood (Tessa Jowell), who praised the Minister, and I would like to praise them both for the excellent work they are doing.

It is interesting that we are debating two minor technical amendments to a Bill we debated not long ago. On Second Reading I pointed out that the explanatory notes stated that the Bill

"makes a small number of technical amendments to the advertising and trading, ticket touting, and traffic management provisions of the London Olympic Games and Paralympic Games Act 2006."

We are now debating minor amendments to a Bill that itself made minor amendments to another Bill, but they are none the less important, because they reflect the spirit of what the Minister said when we debated the Bill. In relation to the advertising regulations contained therein, I think that we were all encouraged to hear that he is keen to introduce those as sensibly as possible. Indeed, on Second Reading he said that the advertising regulations would be treated with a "light-touch approach". He later said that they would be handled "sensitively", and on another occasion he said that they would be dealt with "proportionately". We are grateful for all three assurances.

We are also grateful for the assurance that if, for example, the venue or timing of an event need to be altered, we have the ability to debate the matter in Parliament if those necessary changes relate to advertising. We all recognise that if, for example, a major burst water main causes a change in venue or timing at short notice, it is important, as others have suggested, that we have the power to ensure that we can continue to do what the Act is for: protecting the main sponsors of the event so that people do not leap on to a sudden change in order to introduce ambush marketing, for example. They are small amendments, but they are sensible and important and we certainly support them.

Lords amendment 1 agreed to.

Lords amendments 2 and 3 agreed to.

TERRORISM PREVENTION AND INVESTIGATION MEASURES BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the Terrorism Prevention and Investigation Measures Bill for the purpose of supplementing the Order of 7 June (Terrorism Prevention and Investigation Measures Bill (Programme)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement at today's sitting.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any Question being put.

3. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.—*(Mr Newmark.)*

Question agreed to.

Terrorism Prevention and Investigation Measures Bill

Consideration of Lords amendments

Clause 8

DIRECTIONS HEARING

3.45 pm

The Parliamentary Under-Secretary of State for the Home Department (James Brokenshire): I beg to move, That this House agrees with Lords amendment 1.

Mr Deputy Speaker (Mr Lindsay Hoyle): With this it will be convenient to consider:

Lords amendments 2 to 10.

Lords amendment 11, and amendment (a) thereto.

James Brokenshire: The Bill returns to the House after its consideration in the other place. It was subject to lengthy and detailed scrutiny here in the summer, with 10 sittings in Committee, a Report and a Third Reading, all of which were characterised by a high standard of debate.

Their lordships have now given the Bill the full benefit of their expertise, and I am pleased to say that its main provisions are largely as they left this House, reflecting an acceptance that, however unfortunate this might be, there are a small number of individuals involved in terrorism whom we cannot successfully prosecute or deport, and the measures in the Bill are needed to deal with such individuals.

The Bill returns from the other place subject to 11 Government amendments, which are largely minor and technical changes to clarify drafting and better to reflect the policy intention. I will briefly explain why we have made those amendments, dealing first with Lords amendments 1 to 10 before moving on to Lords amendment 11 and Opposition amendment (a).

Lords amendments 1 and 2 make a small but necessary change to clause 8. The clause provides that the court must, when granting permission to impose a terrorism prevention and investigation measure notice—a TPIM notice—at the outset of the process give directions for a directions hearing in relation to the automatic full review of the case. As the Bill was originally drafted, that directions hearing would have had to have taken place within seven days of the TPIM notice being served, unless the individual agreed to postpone it.

The programming of such hearings is, of course, a matter for the courts. It became clear that the original provision had unintentionally introduced a restriction on the discretion available to the courts to manage similar directions hearings in the control order context. We were therefore asked by Her Majesty's Courts and Tribunal Service to make a change to the Bill in order to provide the courts with a degree of flexibility in that respect and to facilitate effective management of court time.

We have therefore amended clause 8 so that the court may programme the directions hearing later than seven days after service of the TPIM notice, if it so directs. Of course, the intention is that directions hearings will be listed within those seven days where possible, but when the court is unable to do so, for example over a holiday period, the amendment will give the court the discretion to list the hearing slightly later.

Clause 8 still ensures, at subsection (5), that directions given at the hearing must provide for the substantive review hearing to be held as soon as reasonably practicable.

Bob Stewart (Beckenham) (Con): How much later might it be possible to review the decision? The period is one week to start off with, but could it amount to 28 days, three months, or will it be flexible, with the court having the jurisdiction to decide that issue as well?

James Brokenshire: It is the purpose of the amendment to give the court discretion, although a practice has been established through the jurisprudence on control orders which informs that process. It is therefore intended to provide the court with the flexibility, as I explained in my introductory remarks.

Richard Fuller (Bedford) (Con): May I probe and press my hon. Friend a little further on this point? As he knows, a number of colleagues in the House have the same concern about the TPIMs regime as they had about the old control orders regime: the uncertainty that arises for individuals in the court process. Does he accept that the amendments to clause 8 will increase that level of uncertainty for people who are put under TPIMs? Does he agree that there is scope for providing, if not a seven-day limit, at least a definitive statement about for how long, at each stage of the process, such individuals will be detained?

James Brokenshire: As I have already explained, we received this request following the consideration by Her Majesty's Courts and Tribunals Service. The Government have not been seeking to provide any uncertainty—far from it. The provision is intended to reflect the practice of the courts. Therefore, following consideration of the representations that we received, we have introduced the Lords amendment that is before the House.

Richard Fuller: I greatly appreciate the Minister's clarification. I fully accept that this is not a request by the Government. I am saying, from a political perspective on that role of the courts, that we are talking about the start of a process that imposes penalties on people and that, at almost every stage, has a level of indeterminacy about what is being put in place for them and how long it will last. Will my hon. Friend give some perspective on the suggestion that this change, even though it has been requested by the courts, further exacerbates the uncertainty in the imposition of such controls?

James Brokenshire: I do not accept that it provides uncertainty. It provides the courts with the ability to operate the regime effectively. As this matter was raised in the Lords, we are seeking this House's consideration to ensure that the measure is properly applied. That is the basis on which we have introduced the amendment. I think it is appropriate to provide flexibility in the way that has been proposed.

Amendment 10 relates to the police reporting measure. It makes it clear that in addition to requiring the individual to report to a police station at specified times and in a specified manner, the Secretary of State may require the individual to comply with directions given by the police in relation to such reporting. That is necessary to ensure that the individual can be required to co-operate with the practicalities of reporting—for example, requiring

[James Brokenshire]

him to report to the front desk of the police station, to speak to the officer there, and to sign to confirm his attendance. That has always been the intention behind the measure, and it is the current practice for control orders. It is necessary to ensure that the provision reflects the reality of how the measure is intended to operate. It is also in line with the general procedures for individuals required to report to a police station for any other reason—for example, individuals on police or court bail. Lords amendment 3 is necessary in consequence. It specifies that the definition of "TPIM decision" at clause 17(3) includes such a direction given by a constable in relation to the reporting measure.

Lords amendments 4 and 5 are essentially technical amendments which are necessary in consequence of changes to other legislation currently before Parliament. Section 154(1) of the Criminal Justice Act 2003, which has not been commenced, increases the maximum sentence on summary conviction in England and Wales from six months to 12 months. When the Terrorism Prevention and Investigation Measures Bill was drafted, the intention was that that provision would be repealed by the Legal Aid, Sentencing and Punishment of Offenders Bill. Because of this, clause 23 provides that the maximum sentence on summary conviction for contravening a measure specified in a TPIM notice is six months. However, section 154(1) of the 2003 Act will not now be repealed. On that basis, these amendments are needed to revert to the previous practice when legislating for offences that are tried summarily. They provide for a maximum 12-month term in England and Wales, but include a transitional provision limiting the sentencing power to six months pending commencement of section 154(1) of the 2003 Act.

Lords Amendments 6 and 9 relate to the overnight residence measure. That is intended to ensure that the individual can be required to reside at a specified address and to remain there for specified periods overnight. The clear purpose of that is to manage risk. As part of that measure, it may be necessary to require the individual to remain within the residence and to prohibit them from entering any garden or outside area that forms part of the property or any communal area in a shared property during the specified hours overnight.

As it was drafted, the provision did not necessarily make it clear that the measure could be applied in that way. These are essential drafting amendments to remove that uncertainty and to make clear the policy intention. They put it beyond doubt that the individual may be required to remain within their residence—that is, essentially, behind their front door—during the specified overnight period. I should make it clear that, where individuals are required to remain at their residence or are electronically monitored in other contexts, they will usually be required to remain in their house or flat and will not be allowed out into their garden. The particular requirements imposed by the Secretary of State in each case must, of course, always be necessary and proportionate. The court will subsequently consider the proportionality of each measure as part of its review of the notice.

On the point about directions hearings that my hon. Friend the Member for Bedford (Richard Fuller) made, I should add that clause 8(5) still provides that the substantive hearing is to take place as soon as possible. I just wanted to reassure him in case he thought that the proposal was open-ended. That is certainly not the intention. I hope that the need to act expeditiously in this regard is clear to him.

Lords Amendment 7 deletes subsection (11)(a) of clause 26, which allowed a temporary enhanced TPIM order to amend any enactment. That subsection was drafted on the basis that the temporary enhanced TPIM order would need to amend other legislation to ensure that the enhanced TPIM system would function correctly. The Government considered it further following an amendment helpfully tabled in Committee in the other place by Baroness Hamwee. We concluded that the subsection was not necessary for this purpose and therefore amended the Bill on Report to remove it.

Lords Amendment 8 is necessary to ensure that the power to make a temporary enhanced TPIM order does not impinge inappropriately on devolved matters in Scotland. Clause 26, as amended, provides that a temporary enhanced TPIM order may not make any provision relating to devolved matters in Scotland, other than those already contained in the Bill, without the consent of the Scottish Government. In relation to those provisions touching on devolved matters that are already contained in the Bill, I can confirm that the Scottish Parliament passed a legislative consent motion on 17 November. I am grateful to Scottish Ministers and officials for their help in that regard.

Finally, Lords Amendment 11 relates to the transitional period provided by schedule 8. In the period following the coming into force of the Bill, the control orders in force immediately before the commencement of the Bill will remain in force, unless revoked or quashed before the end of that period. Such a period is needed to ensure that there can be a safe, orderly and managed transition of individuals from the old system to the new system. As the Government have consistently made clear, the police have confirmed that extensive preparations are being made and that arrangements will be in place to manage the move from the control order system to the TPIMs system.

Paul Goggins (Wythenshawe and Sale East) (Lab): Will the Minister give way?

James Brokenshire: I will just finish this point and then I will gladly give way to the right hon. Gentleman.

We have received advice from the police that as the transitional period will fall over the Christmas and new year holiday period, a small extension to the period is necessary. That will assist in the effective management of the process of transition for individual cases over the holiday period. It does not reflect on preparedness. Lords amendment 11 therefore extends the transitional period from 28 to 42 days.

I give way to the right hon. Gentleman.

Paul Goggins: I am delighted that the Minister did not give way when I sought to intervene, because he has been able to enlighten the House and demonstrate that Opposition Members who have been pressing him for months on whether the police and Security Service would be ready have partly been proved correct. Let us look at the bigger picture, however. With the Olympic

games, a new system and the end of relocation, why does such a moderate Minister want to take so many risks with the safety of the public?

4 pm

James Brokenshire: I certainly do not accept that characterisation, and I am very happy to come on to amendment (a). We regard national security as a top priority. The right hon. Gentleman has heard me say that, and I stand by those words. He will know the responsibilities that Ministers hold in dealing with such matters, and the very careful consideration that we apply when considering changes to legislation.

Amendment (a) to Lords amendment 11, which stands in the names of the right hon. Gentleman and other Opposition Members, would replace the 42-day transitional period with one of 365 days. It brings us back to an issue that was debated at length during the Bill's passage through this House and the other place. To that extent, it takes us back over a number of points that have been debated and discussed in great detail, and my response is unchanged: I believe that the amendment is simply not necessary.

As I have repeatedly made clear, the Metropolitan police and the Security Service have confirmed to the Home Secretary and myself that extensive preparations are being made and that arrangements will be in place to manage the move from the control orders system to the TPIMs system effectively. Indeed, the Home Secretary received a detailed briefing from the Metropolitan police only last week on the transitional plans that it has drawn up. However, the police recently advised us that a slightly longer transitional period was needed, as it will fall over the Christmas and new year period. We have consequently increased the transitional period to 42 days, which will assist in the effective management of the process of transition in individual cases. It was for that reason that the Lords amendment was introduced.

Mark Field (Cities of London and Westminster) (Con): I would not in any way wish to accuse the Minister of being soft on terrorism, but equally, given the relatively small number of people who are currently subject to control orders—about nine—does he not see that it might be more sensible to have an overlapping system of control orders and TPIMs for the difficult period of unknown threat around the Olympic games? There is some sense in that, given that at most nine people would be affected.

James Brokenshire: We have considered the issue very carefully, and as I said on Report, we have received assurances from the police and Security Service that effective arrangements will be in place to manage the transfer to TPIMs when the new regime comes into effect. What I said on Report remains the case: the police and Security Service have been developing the additional capacity and capability needed to prepare for the transition to the new TPIMs regime. That preparation has been ongoing for a considerable time.

I should be absolutely clear that the additional resources are not simply about providing additional human surveillance capacity. The police and the Security Service are using the additional money to enhance their use of a range of covert investigative techniques, including human and technical surveillance. Inevitably, some of the benefits from the additional resources will take time to be fully realised, as it will be necessary to take the time to train and deploy additional staff in order to derive full benefit from technical investment. However, the key point is that at the point of the transition to the new TPIMs arrangement, effective arrangements will be in place in both the police and the Security Service.

Jeremy Corbyn (Islington North) (Lab): Can the Minister explain the exact thinking behind that relatively modest extension of the transitional period to 42 days? I do not quite understand why its coinciding with the Christmas and new year period makes it difficult to introduce what will presumably be a simpler system than the one that we currently have.

James Brokenshire: Christmas and the holiday season obviously have operational impacts, and we are therefore simply adding those 14 days to the 28 days for which the Bill originally provided to assist in the effective transition and management at that time. It is not about readiness; it is simply to aid the transition process for those people who are already on control orders and who may subsequently move on to terrorism prevention and investigation measures.

On Report and Third Reading, I was told, "Well, you say that the police are prepared and that appropriate arrangements are in place to manage the transfer effectively from control orders to TPIMs", and I heard clearly the comments that were made then. I will put in the Library a letter from Assistant-Commissioner Cressida Dick, which sets out the preparedness of the Metropolitan police and underlines that arrangements will be in place to manage the transfer effectively. I note that the Opposition have consistently made several points about that. Again, I underline that effective arrangements will be in place to manage the transition. In the light of my continued assurances on the matter, I hope that Opposition Members will be willing to withdraw amendment (a).

Diana Johnson (Kingston upon Hull North) (Lab): I thank the Minister for clearly setting out the bulk of the amendments. Having read the transcripts of the evidence sessions in Committee, it is clear that the Government were pushed and pressed, as is right, through effective scrutiny from all members of the Committee and Members in the other place, to table amendments to clarify the Bill's intention. On that basis, the Opposition are satisfied with Lords amendments 1 to 10.

However, I want to comment on Lords amendment 11 and amendment (a) to it. As the Minister said, the Lords amendment increases the transitional period for which schedule 8 provides, during which a control order that is enforced immediately before the commencement of the Bill will remain in force, unless revoked or quashed before the end of that period, from 28 days to 42 days. The Opposition Front Benchers' amendment would increase that transitional period to 365 days. It is worth pointing out that those who have put their names to the amendment include two former police and terrorism Ministers and a former Minister who dealt with terrorism in Northern Ireland in the previous Government. Those Members clearly have a lot of detailed information and experience in dealing with such matters, and they thought it appropriate to put their names to the amendment.

[Diana Johnson]

Why have we tabled amendment (a)? It is because we want to support the Government in keeping the country as safe as possible as they move to the new regime of TPIMs. I heard clearly the Minister's comments about his commitment to national security being a top priority. Of course, the Opposition support that priority. However, we believe that a more flexible approach would be a better way forward on the transitional period that is in the Bill.

I certainly do not wish to reopen the debate on control orders, but we know that nine people are currently subject to them—a small number of people who are intent on doing grave harm to this country. It is not possible to prosecute them, but to keep the country safe, we need to impose intrusive restrictions on them. I think that there are 11 control orders in total, but nine have the power to relocate as one of the conditions. We know that the Home Secretary has used control orders with relocation provisions in cases CD and BM. In the case of CD, a challenge to the decision to relocate went to the High Court. It was dismissed and the relocation was upheld.

It is important to quote the Mayor of London, who obviously has a keen interest in those matters. He said on the case of CD:

"It's clear from the court papers that he rejects and would like to destroy everything that makes this a great city. We don't want this man in London."

In moving to the new TPIMs regime, the relocation provisions will not be available to the Home Secretary in future. We want to ensure that no unnecessary risks are taken over the next 12 months. As hon. Members have already said, we will have major events in our city, including not only the Olympics and the Paralympics, but the diamond jubilee. So we need to ensure that London is kept as safe as possible in 2012.

Richard Fuller: The hon. Lady says that we need to ensure that there are no unnecessary risks, and she says, fairly, that she and other Labour Members share the Minister's commitment to the security of the nation. But the Minister said that the period was necessary to ensure that effective arrangements were in place, and he believes that that period is 42 days. What evidence does the hon. Lady have that the period needs to be longer to ensure effective arrangements?

Diana Johnson: That is a very helpful intervention, because I want to move on to the evidence that was given to the Committee by Stuart Osborne, the deputy assistant commissioner for the Metropolitan police service and senior national co-ordinator for terrorism investigations. He also represents ACPO. The hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips) asked Mr Osborne how long it would take for a new regime to bed in before it becomes law, to which he replied:

"I think I said it would take a year to procure and train sufficient additional assets before it would be ready to do that. We have to order some of the assets so that they are made in advance. To train a surveillance officer and then have them fully able to operate in a challenging environment probably takes at least 12 months before they are deployable. Once they are deployable, they have to work within the environment under a new set of regimes that will need to bed in."—[*Official Report, Terrorism Prevention and Investigation Measures Public Bill Committee*, 21 June 2011; c. 10, Q31.]

On the basis of that evidence, which mentions the period of a year, hon. Members are concerned that we could be putting ourselves in a risky situation by rushing headlong into the new TPIMs regime.

Stephen Phillips (Sleaford and North Hykeham) (Con): Will the hon. Lady give way?

Diana Johnson: I will, because I have just referred to the hon. and learned Gentleman.

Stephen Phillips: It is important that the evidence is not taken out of context. My hon. Friend the Minister subsequently received assurances—as he will no doubt be able to confirm—from the security services and the Metropolitan police that there would be no problem with the Government's proposed timetable for the introduction, and I am therefore surprised that the hon. Lady has referred to that passage of evidence without drawing the House's attention to those assurances.

Diana Johnson: It is important that evidence given to the Committee, which I read out verbatim from the transcript, is put before the House when we are debating the amendment on 365 days. The hon. and learned Gentleman has clearly put his point on the record.

Evidence was also given by Lord Carlile, and he talked about the cost of the new surveillance techniques that would have to be employed. He said that the costs would be between £11 million and £18 million per person per year, and he also mentioned that as far as he was aware the cost of a control order was £1.8 million per person. So a huge amount of money will need to be invested in ensuring that these new surveillance techniques are properly available.

Given the evidence put before the Committee and in the other place, we know that some senior police officers still have concerns about the readiness—*[Interruption.]* Well, in recent weeks there have been reports that senior police officers are not satisfied. I understand what the Minister said, and I shall ask him to address the point in a moment, but while we welcome the Government's move from 28 days to 42 days—and I understand what the Minister says about that being appropriate during the holiday period—it is sensible to reconsider where we are at this stage. Given that some senior police officers feel that we are not prepared enough, that the Mayor of London has made his views clear and asked the Government to think again on this issue and that the Olympics, Paralympics and diamond jubilee celebrations are ahead of us, it is appropriate for the Minister to reflect on what the provision will mean. We have a two-week extension. Would it not be sensible to give the police and the security services more time and some flexibility to ensure that we have the resources, the people and the training in place? Is it not better to legislate now to keep control orders for that flexible period until we are absolutely certain and confident that surveillance is fully in place and all systems are operational?

4.15 pm

I acknowledge the difficulty that the Minister is in in dealing with these matters, which are very sensitive, and information has to be kept confidential, so I ask him, first, to make available to the independent reviewer all details about what resources have been allocated to the new TPIMs regime, the budget allocation, the personnel recruitment figures and the training that has been provided. Secondly, can the independent reviewer have all progress reports on the preparation that has been undertaken to date? Thirdly, will the independent reviewer have the opportunity to look at all the cases, decisions and information that is made available about what to do with the current controlees? Fourthly, will the Minister seek from the police and security services their views about the readiness to deal with the changes that the new regime brings in? Fifthly, will he consider the costings for the new measures and whether sufficient resources have been set aside?

Given that the coming year is so important, that getting the transitional proposals correct is vital and that we all have a commitment to national security, I would like to press our amendment (a) to Lords amendment 11 to a Division to test the opinion of the House. I know other Members wish to speak so I will conclude my remarks.

Tom Brake (Carshalton and Wallington) (LD): Let me make a few brief comments in relation to a couple of amendments. On amendment 10, subject to any security requirements, will the Minister confirm whether the requirement to report to a police station will not be so onerous in terms of the timing that it actually precludes someone subject to TPIMs being able to undertake employment or coursework? If we want them to integrate, we must allow that to happen, subject to the appropriate security requirements.

My other point is in relation to amendment 11. When I saw a reference to 28 days being changed to 42, I had concerns that we were re-running a completely different debate. I welcome the fact that the Minister and the Government have responded positively to the Metropolitan police's request that for operational reasons a longer period is needed to enable the transition from control orders to TPIMs to happen.

I congratulate the Minister on not listening to the siren voices on the Opposition Benches who are tempting him to abandon TPIMs all together and to stick with control orders.

Hazel Blears (Salford and Eccles) (Lab): Will the right hon. Gentleman give way?

Tom Brake: In one minute. It is regrettable that the paperwork that has been produced to support the contention that control orders should remain in place, or that the implementation of TPIMs should be delayed, relies on evidence from Mr Osborne. I am sure that the evidence was appropriate at the time but things have moved on. I do not know whether Mr Osborne is now actively engaged in the process of ensuring that the appropriate measures are in place. If he is, it might be worth asking him whether he feels that suitable preparations have been made. If he is not actively engaged, it might be that he is now somewhat removed from what is happening in practice.

Hazel Blears: I am grateful to the right hon. Gentleman for giving way. I was desperately trying to sit on my hands. Does he not accept that people who are on control orders, and people in future who will be on TPIMs, are some of the most dangerous people in our country and they would not be on those orders if they did not pose a significant and substantial threat to the life, health and safety of our citizens?

Tom Brake: I am happy to confirm that clearly some of those people will be very dangerous, as the right hon. Lady says, but I must point out that some people subject to control orders have subsequently had them quashed. She is right that some—potentially all—of them will undoubtedly present a serious threat, but in practice some of them might not be quite as guilty as she believes.

Pete Wishart (Perth and North Perthshire) (SNP): The right hon. Gentleman is absolutely right, and if there were significant evidence against these individuals, they would be prosecuted. Does he agree that it is difficult for the Labour party to give up the anti-civil libertarian agenda that it has built up over the past 10 years, and that it will do anything to maintain its control orders, regardless of the evidence presented?

Tom Brake: I agree. I am afraid that in some respects the Labour party is seeking headlines in the *Daily Mail* and the *Daily Express*.

Jeremy Corbyn: Does the right hon. Gentleman agree that control orders are a very serious and very great power used against people who have not been convicted? This is state power against an individual on the basis of suspicion, not evidence or conviction, so it is a serious matter. Does he also agree that TPIMs—despite my reservations about them—are an improvement on control orders and ought to be introduced as soon as practicably reasonable? I do not understand why they should be delayed for a year on the basis of the Olympic games. Presumably other events are approaching in 2013, 2014 and so on that would provide the same opportunity.

Tom Brake: I thank the hon. Gentleman for that intervention. One wonders why, having suggested that 365 days might be appropriate, the Labour party, excluding the hon. Member for Islington North (Jeremy Corbyn), has not considered other significant events coming down the line for which it might feel that control orders should also be available.

I want to rephrase what I said about the Labour party playing for headlines in the *Daily Mail* and the *Daily Express*. It might be more appropriate to deploy that argument in relation to the populist policing agenda rather than this serious issue of security.

In conclusion, I think that these amendments are sound, and I am happy to support them. I understand why the Minister has, in response to the Metropolitan police, chosen to extend from 28 to 42 days the transitional period for the implementation of TPIMs, but I hope that he will confirm that there will be scope, subject to security requirements, to allow people subject to TPIMs to undertake work or coursework where appropriate.

Hazel Blears: I am grateful for the opportunity to say what I hope will be a few words in this debate—we have been over this territory several times already. I want to place on the record my thanks to the Minister for the inclusive way in which he dealt with the Committee stage and to other Members on both sides of the House who had the opportunity to contribute. It is not often that people feel able to take such a role in Committee, and I think that the Bill was all the better scrutinised because of it.

The Minister knows how strongly and personally I and my right hon. and hon. Friends feel about this matter, and the debate in Committee was nuanced and balanced. It was not simply about seeking draconian powers to last for ever as part of an anti-civil libertarian agenda. The debate has genuinely been driven by the concern of Members on both sides of the House for our national security and by the recognition that in Olympic year, when the eyes of the world will be upon London and when there will therefore be a heightened threat, the pressures on the capacity and ability of the security services and police to deal with some of the most dangerous people in the country will be significant.

The Minister has attempted to meet the arguments by talking about additional resources. We have heard the evidence of DAC Osborne, who said that relocation was probably the single most useful power under the previous regime and that it would take a year to get the assets and surveillance in place, and I think it perfectly legitimate, even at this late stage, to press the Minister on some of the practicalities of how that coverage will be ensured and maintained during the Olympics.

My hon. Friend the Member for Kingston upon Hull North (Diana Johnson) said that those who have signed our amendment obviously have some experience in this field. The Minister has heard today from me, and from his hon. Friend the Member for Cities of London and Westminster (Mark Field) and my right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins), all members of the Intelligence and Security Committee. We all share the same dedication to trying to ensure the security of our country, which is a very serious matter indeed. All we are asking for in our amendment (a) to Lords amendment 11 is to get us over the period in which we face the most heightened threat, which is a simple, straightforward, common-sense thing to do.

The Government have every right to move to the TPIMs regime. They have a majority in the House, together with their coalition partners. If the Government want to change the law from control orders, they have every right to do that. I am not objecting to that; all I am saying is that, when we face this heightened threat, with pressure upon pressure on our security and police services, is it not basic common sense to say, "Let's tide it over until after the Olympics"? There will still be a threat—we will face a threat for years to come—but it will not be as great as the threat that we face at the time of the Olympics.

Jeremy Corbyn: I thank my right hon. Friend for giving way; she is being generous with her time. If there is a threat, it must obviously be dealt with, but does she not accept that one deals with threats by using the law, in particular the criminal law? We do not always descend into special measures such as those that we are discussing, which have a dangerous tone to them of the unaccountable power of the state against an individual. Does she not accept that it is important to stick to the principles of the criminal law and not endlessly go off into special laws?

Hazel Blears: My hon. Friend has always taken a principled stand on these issues, and I respect him for it. Hon. Members on both sides of the House have recognised that in a tiny number of cases we will not be able to prosecute, because that would lead to disclosure and therefore, because it is based on intelligence, a risk to agents and techniques. I said in Committee that I wanted to see the figure reduced to the smallest irreducible number possible, because I accept that we are talking about special measures that are outwith the normal framework of our legal system and transparent justice. I therefore accept my hon. Friend's concern, but it is the case, I am afraid to say, that there are people who pose a significant and substantial threat to us who cannot be prosecuted at the current time, and some measures have to be taken to protect the public against them. None of us goes down this path with relish. I have said it before, but let me say to the hon. Member for Perth and North Perthshire (Pete Wishart), who intervened earlier, that this is not a matter of Labour Members rubbing their hands with glee and wanting to put people under house arrest. Rather, it is about saying, "What is the absolute necessity to protect the public?"

Bob Stewart: I very much support most of what the right hon. Lady is saying. None of us in this House wants control orders or TPIMs, but we do not have a choice. However, it is much better that we legislate for these matters and deal with them properly under the law, rather than have what happens in some nations, where people are just lifted and then disappear. That is what we are trying to do. The people concerned are very dangerous—or apparently very dangerous: we cannot prove it, but we do not want to take the risk—and I am afraid that we have to put up with this lack of liberty.

Hazel Blears: The hon. Gentleman speaks, as he did in Committee, from a position of great personal knowledge—in many ways, far greater than mine or my colleagues'—from having had operational responsibility on the ground in similar circumstances. He understands that, although we are all reluctant to go down this path, on occasion it is necessary. However, we have a democratic framework—people can challenge the orders; they can go to court; they can litigate; they can launch appeals—which is absolutely as it should be.

Patrick Mercer (Newark) (Con): Will the right hon. Lady give way?

Hazel Blears: I will, but then I want to ask the Minister a couple of questions in the time remaining.

Patrick Mercer: The right hon. Lady makes some extremely good points. I agree with my hon. and gallant Friend the Member for Beckenham (Bob Stewart)—and the hon. Member for Islington North (Jeremy Corbyn)—that such measures are the very last things that we want to impose. Next year will be full of difficult periods, including not just the Olympic games, but the royal jubilee. Although I still feel that the powers are inadequate or wrong, they are better than what we had before,

so should we not have them? Why are we delaying this? Should we not have powers that are more effective introduced quickly, rather than slowly?

Hazel Blears: I do not accept the premise that the TPIMs regime will be more effective. DAC Osborne said in evidence that control orders were effective, that the police were used to dealing with them and that relocation was the single most useful power. He also said that control orders provided not only surveillance, but disruption, and were therefore more effective. DAC Osborne recognised that the TPIMs regime would involve a greater level of risk. The Minister said that that risk would be dealt with by the extra resources. We must wait and see, but the police themselves said that, far from being more effective, the move from control orders to TPIMs would be less effective because it would increase the measure of risk.

4.30 pm

Paul Goggins: My right hon. Friend is being very generous with her time this afternoon, as always, and is advancing a powerful argument. She will recall that when the Minister responded to my intervention earlier by telling me that national security would always be his highest priority, I was slightly taken aback, because I would not have doubted for a second that that would always be the case.

In view of all the risks that will face us next year and the fact that an entirely new system is being introduced involving additional officers, can my right hon. Friend help me by explaining why, given a choice of dates, the Minister should pick the earlier rather than the later date to introduce his measures?

Hazel Blears: I am afraid that this is one of the rare occasions when I cannot help my right hon. Friend. I cannot for the life of me think why, if I were a Minister faced with this level of risk and if I had a practical solution that would not cost me a great deal of extra money, I would not seek the House's agreement to an extension of the transitional period as a precautionary, preventive measure, just to get us through what I believe will be a time of heightened risk.

I am grateful to the Minister for placing information from the police in the Library to reassure us about their readiness, but I want to ask him a question. What provision exists to cover the—possibly—six people who are currently subject to control orders and to relocation provisions, and who are likely to return to London? In Committee, I raised an issue that has still not been resolved. Paragraph 1 of schedule 1 allows a TPIM to be applied which specifies a residence where a person must reside, but paragraph 3 contains a power to exclude a person from a locality. I believe that there is still a contradiction between a person's right to reside at his or her own residence and the power that would allow that person to be excluded from, for example, east London. What if the person's residence is in east London? Which power will have priority, the power to exclude under paragraph 3 or the power relating to residence in paragraph 1?

I have still not received an answer to my question, and I am very worried about the position. If those six people, many of whom may well have residences in east London, choose to live there, will the TPIMs regime include a power to exclude them from a broader area than the locality in which the Olympics will take place? I should appreciate a clear answer from the Minister today. If it is necessary for me to write to him I shall certainly do so, but I should be reassured if he could give me that further information.

Stephen Phillips: Will the right hon. Lady give way?

Hazel Blears: I will—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Just a moment. We are straying from the amendments. I have allowed a bit of leeway, but I think that if interventions continue to take advantage of the leeway that I have given, we shall carry the debate beyond where it should be.

Hazel Blears: Thank you, Mr Deputy Speaker. I am about to end my speech.

I thank the Minister and all his officials, who have certainly served him well and have no doubt contributed to the progress of the Bill. However, as the Minister will understand, I am not reassured by his comments. I know that he is doing his best to protect national security, but I think that he could have taken a simple step that would have given more reassurance not just to Members here but, more important, to people who will be living in their communities during what is likely to be a considerably more dangerous time for them as a result of this transition.

Richard Fuller: Let me explain why I oppose amendment (a), and explain to the hon. Member for Kingston upon Hull North (Diana Johnson) why she is hearing opposing voices not only from members of the two parties on the Government Benches, but from members of Opposition parties including her own. The reason is that the amendment is entirely without merit. It appears to constitute a rather unfair and somewhat unprincipled assertion that the Minister is playing fast and loose with the security of the nation, notwithstanding the protestation that of course we are all trying to make things secure and do what is in the country's best interests.

In her rather brief contribution, the shadow Minister gave nary a reason why the Minister's position is not the correct approach to take. All the speeches we have heard rely on a solitary piece of evidence provided in Committee, but surely hon. Members on both sides of the House will understand that the Minister has been in extensive discussions subsequently and that the most important consideration must be the one that he put forward today, which is that effective arrangements are in place. That would be the most important consideration if we were dealing with a normal piece of legislation, but in fact we are dealing with a change to one of the most pernicious pieces of legislation that our country has had in recent times—the legislation on control orders.

The shadow Minister's amendment is merely further evidence that the Opposition have not yet reconciled their conscience on this issue, nor on the fact that they took a wrecking ball to the rights and liberties that this country has held strongly and to its heart for many years. Yet again, Opposition voices cloak in the name of security the most repressive period in recent British

[Richard Fuller]

history when it comes to individual rights. As the hon. Member for Islington North (Jeremy Corbyn) mentioned, people are put under these restrictions on the basis not of conviction, but of suspicion.

I must just say to my right hon. Friend the Member for Salford and Eccles (Hazel Blears)—I hope I may call her that, given that we have spoken together on a number of Bills recently—that some of us have not had the benefit of high office that she has had, and when she talks about the importance of getting to the smallest irreconcilable minimum the number of people who will be subject to TPIMs or control orders, as it was under her Government, nine is not the smallest irreducible minimum for us. Some of us feel that that number can be reconciled only when it is zero and that everyone in this country has the right to a trial before they are imprisoned for extensive periods.

Mark Field: I entirely recognise the sincerity of what my hon. Friend says and I, too, have many civil libertarian sympathies, but does he not recognise that this regime is not all that much different from the control order regime that it seeks to replace?

Richard Fuller: Without getting into the details, Mr Deputy Speaker, I can say that of course many of us would like to go further. The Minister and I have had disagreements on this, but in conclusion may I commend him on the way in which he has seen the passage of this Bill through? I hope that in future we may be able to go further.

Keith Vaz (Leicester East) (Lab): I shall be brief, Mr Deputy Speaker, because I know that the House is anxious to vote on this matter. I wish to draw the Minister's attention to the evidence on the Olympics given this morning by Her Majesty's inspector of constabulary to the Select Committee on Home Affairs. He called for a central hub to be created to police the Olympics, bringing together resources, intelligence and other aspects of policing. He and others felt that that was necessary.

On the questions raised by others concerning TPIMs and control orders, of course there is concern that some of these individuals will be allowed to return to London just as the Olympics are beginning, and the Government need to monitor the situation carefully.

My final point relates to the request for thousands of additional volunteers to come forward to police the Olympics—there is talk of 10,000 people. All I urge is that they are properly trained before they take on their responsibilities. I am sure that the Minister is conscious of the importance of the Olympics. The hon. Member for Newark (Patrick Mercer) was right to have raised it, and I hope that the Government will bear it in mind when we consider the resources and practicalities of the next few months.

James Brokenshire: This has been a useful debate in the latter stages of the Bill's consideration in both Houses. I am conscious of time and recognise that the Opposition might wish to press their amendment to a vote, so I need to be swift in my summation, for which I apologise.

My right hon. Friend the Member for Carshalton and Wallington (Tom Brake) highlighted issues regarding the police reporting requirement. We have looked into this very carefully, including the need for appropriateness. In other words, a constable, in giving directions, must be reasonable, necessary and proportionate in his or her approach in this regard. I hope that gives him some assurance regarding the manner in which the directions power will be undertaken. I appreciate his long-standing interest in these matters and his desire to ensure they are dealt with in a reasoned and appropriate way.

Let me address the comments of the hon. Member for Kingston upon Hull North (Diana Johnson) about the availability of information to the independent reviewer. I shall certainly look at the *Hansard* report of her comments because we want to ensure that the independent reviewer has all the information appropriate to be able to do his work and to report, as has happened with the independent reviewer in relation to control orders. I shall consider her requests regarding those issues to ensure that we are equipping the independent reviewer with all the appropriate information to enable him to conduct his duties in an effective manner and report to the House, as I am sure right hon. and hon. Members would expect.

On preparedness, I know why the right hon. Member for Salford and Eccles (Hazel Blears), who was a Minister at the time of the appalling 7/7 incident, takes these issues so very seriously and is so focused. However, she will equally understand that I am limited as to what it is appropriate for me to say in the House about operational and practical issues in relation to specific arrangements for individuals. I understand her questioning but I hope she will appreciate that, in terms of capability and other issues linked to the work of the police and the Security Service, it is not, unfortunately, appropriate for me to respond to her fully in this place.

The right hon. Lady highlighted an issue in relation to the compatibility of individual aspects of the schedule. Clearly, the exclusion measure would not be used to exclude the individual from, for example, the street in which he or she lives. The notice must be enforceable and the measures will need to be applied sensibly. They will be put in place only where restrictions are necessary, so one measure cannot cut across another—there needs to be consistency, one measure with the other. However, I shall reflect on whether further clarification is required.

In essence, we return to the issue of preparedness. I have said that it will take time to realise fully some of the benefits from additional resources, but the key issue for me is that at the point of transition to the new TPIM arrangements, effective arrangements will be in place. That has been our focus in our discussions with the police and the Security Service, whom I thank for their work not only in relation to preparations for the Bill but for keeping us safe each and every day.

Lords amendment 1 agreed to.

Lords amendments 2 to 10 agreed to.

Schedule 8

TRANSITIONAL AND SAVING PROVISION

Amendment (a) proposed to Lords amendment 11.—(Diana Johnson.)

Question put, That the amendment be made.

The House divided: Ayes 204, Noes 306.

Division No. 403] **[4.43 pm**

AYES

Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, rh Yvette
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davies, Geraint
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr Brian H.
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Efford, Clive
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Farrelly, Paul
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
Jamieson, Cathy
Johnson, rh Alan
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Love, Mr Andrew
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McClymont, Gregg
McFadden, rh Mr Pat
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Sheerman, Mr Barry
Shuker, Gavin
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Williamson, Chris
Wilson, Phil
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Graham Jones and Mr David Hamilton

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Cairns, Alun
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Kenneth
Collins, Damian
Colvile, Oliver
Corbyn, Jeremy
Cox, Mr Geoffrey
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn

de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Durkan, Mark
Edwards, Jonathan
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Hosie, Stewart
Howarth, Mr Gerald
Howell, John
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kelly, Chris
Kirby, Simon
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Llwyd, rh Mr Elfyn
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Lucas, Caroline
Luff, Peter
Lumley, Karen
MacNeil, Mr Angus Brendan
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McDonnell, Dr Alasdair
McDonnell, John
McVey, Esther
Mensch, Louise
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Paisley, Ian
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Rifkind, rh Sir Malcolm
Ritchie, Ms Margaret
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sandys, Laura
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, David
Simpson, Mr Keith
Skidmore, Chris
Skinner, Mr Dennis
Smith, Julian
Smith, Sir Robert
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Syms, Mr Robert
Tapsell, rh Sir Peter
Teather, Sarah
Timpson, Mr Edward
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Weatherley, Mike
Webb, Steve
Weir, Mr Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Hywel
Williams, Mr Mark
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wishart, Pete
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mark Hunter and Stephen Crabb

Question accordingly negatived.

4.57 pm

More than one hour having elapsed since the commencement of proceedings on consideration of Lords amendments, the debate was interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question necessary for the disposal of the business to be concluded at that time (Standing Order No. 83F).

Lords amendment 11 agreed to.

PUBLIC BODIES BILL [*LORDS*] (PROGRAMME) (NO. 3)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the Public Bodies Bill [*Lords*] for the purpose of supplementing the Orders of 12 July (Public Bodies Bill [*Lords*] (Programme)) and 25 October (Public Bodies Bill [*Lords*] (Programme) (No. 2)):

Consideration of Lords Message

1. Proceedings on the Lords Message shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.

Subsequent stages

2. Any further Message from the Lords may be considered forthwith without any Question being put.

3. Proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement. —*(James Duddridge.)*

Question agreed to.

Public Bodies Bill [*Lords*]

Consideration of Lords message

Schedule 1

POWER TO ABOLISH: BODIES AND OFFICES

4.59 pm

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): I beg to move,

That this House does not insist on their Amendment No. 47 to which the Lords have disagreed.

Following consideration of Commons amendments in the other place last Wednesday, hon. Members will know that the Government no longer intend to abolish the Youth Justice Board as part of the Bill. Therefore, I will not be asking hon. Members to insist on the Government amendment agreed by this House on Report. The amendment has reintroduced the Youth Justice Board into schedule 1 to the Bill. As my noble friend Lord McNally made clear in the other place, the Government have never waivered in our commitment to maintaining a distinct focus on the needs of children and young people in the youth justice system. We have never proposed to remove youth offending teams or dismantle the dedicated secure estate for young people.

Sir Alan Beith (Berwick-upon-Tweed) (LD): It is an unusual experience for a Committee to publish just after midnight a report containing recommendations that are accepted by midday the following day. As my hon. Friend has mentioned youth offending teams, I wanted to remind him that the Justice Committee, as well as pointing to the dangers of abolishing the Youth Justice Board, stated that if it survived it would have to take a lighter touch and a less centralised approach to the management of youth offending teams than it had taken in the otherwise good work it had done.

Mr Djanogly: I thank my right hon. Friend for that contribution and acknowledge that the recommendation appeared in his report. I will certainly take it back to the Under-Secretary of State for Justice, my hon. Friend the Member for Reigate (Mr Blunt), who will take up the matter in due course.

Simon Hughes (Bermondsey and Old Southwark) (LD): My hon. Friend will know that many of us welcomed the announcement he has made and the decision the Government took in the other place. We understand that it was a finely balanced issue, because there is a good argument for reducing or eliminating quangos that are not needed, but on balance many of us will be reassured by the decision. I and others hope that the Youth Justice Board will continue its increasingly effective work in delivering a reduction in crime and a reduction in offending by young people.

Mr Djanogly: I will touch on my right hon. Friend's point later.

During the debates on the future of the Youth Justice Board, we set out to persuade Parliament that, now that an effective youth justice system is in place, the oversight provided by the Youth Justice Board was no longer required and direct ministerial accountability for youth justice should be restored. My fellow Under-Secretary of State made that point on Report. However, we acknowledge the opposition to our original proposal to

[Mr Djanogly]

abolish the Youth Justice Board. Its abolition was never about saving money, as the Ministry of Justice does not have major savings contingent on its abolition. In that context, we have decided not to pursue abolition using powers provided in the Public Bodies Bill. Instead, we will reflect further on the Youth Justice Board's future role.

I want to make it clear that the Government still believe that there should be more direct ministerial accountability for youth justice, that there is a strong case for the reform of the Youth Justice Board, and that we will consider our options for achieving reform outside the Bill. For example, a range of powers are open to us under the Crime and Disorder Act 1998. We will consider whether and how we can use those powers to achieve more direct ministerial accountability.

We will also consider the position of the Youth Justice Board within the context of the Cabinet Office's policy on public bodies and its stipulation that all non-departmental public bodies should be reviewed at least once every three years. Let me be clear that the Government's position on the Youth Justice Board will not be business as usual. Having said that, I assure all right hon. and hon. Members that over this period the Ministry of Justice and the Youth Justice Board have maintained effective working relationships, which will carry on as we take forward proposals for reform. The Government therefore support the motion agreed to in the other place, and I ask that this House does not insist on the amendment agreed to on Report.

Jon Trickett (Hemsworth) (Lab): I am grateful to the Minister for his degree of elegance in basically climbing down from the Government's previous position.

Our position all along—particularly in the shadow of this summer's riots, which involved many young people—has been that it is essential not to make precipitate decisions on how we handle youth justice. We continually warned that it would not be appropriate effectively to abolish the Youth Justice Board, which continues to do such excellent work, but that does not mean that it should not be reformed from time to time, or at least reviewed.

I therefore welcome the progress made in the other place on the YJB, which I am glad to see has now been removed from the Bill, but I have some reservations about the Minister's comments just now, and especially those made in the other place by the noble Lord McNally, who, when speaking about the future of the board, said that

"there is a strong case for the reform of the YJB, and we will consider our options for achieving reform outside the Public Bodies Bill."—[*Official Report, House of Lords,* 23 November 2011; Vol. 732, c. 1074.]

The Minister's words today were almost a precise repetition of that, and it sounds like a threat. It sounds as though the Government have made up their mind, and that what we have heard today is not so much a climb-down as a temporary retreat in order to attempt to do on another occasion the same thing that they intended to do in this Bill.

Richard Harrington (Watford) (Con): I get the impression that the shadow Minister is of the opinion that in this case any reform is unacceptable, and that the Government's new line is just about doing the same thing but in another way. Is he against any reform?

Jon Trickett: If the hon. Gentleman had listened, he would have heard that I am not at all against reform or continual review, as no organisation ought to be. As events change, and as our understanding of crime and youth justice develops, as it will do over time, no doubt the YJB and other ancillary bodies will be reviewed, but it looks to me very much as if the Government have dogmatically made up their mind that the board must change and, in effect, be abolished.

Robert Flello (Stoke-on-Trent South) (Lab): Does my hon. Friend agree that the Youth Justice Board has done fantastic work to date, for which it should be commended? The fact that it is not going to be abolished is a positive move. In terms of reform, youth offending teams will have to manage with smaller resources and teams, and it will be under incredible pressure, so does he also agree that the YJB is going to have to change the way in which it works, if only to respond to that?

Jon Trickett: I totally agree with my hon. Friend, who makes a powerful point. No doubt there is financial pressure on all public services, and probably rightly so given the climate in which we all live, but the truth is that dealing with justice and, in particular, with protecting the interests of young people is an important and primary function of government, so we ought not to make decisions in haste or for purely financial imperatives.

Simon Hughes: I am grateful to the hon. Gentleman for his moderate and considerate response to the Minister. My analysis is that there was strong support in both Houses and across the parties for the Youth Justice Board, so it is unfair to come to the conclusion that the hon. Gentleman implies, specifically because Lord McNally in the other place said:

"We will consider whether we can use these powers in the context of a more direct ministerial responsibility but will do so in consultation with the Youth Justice Board and with the intention of working harmoniously with it."—[*Official Report, House of Lords,* 23 November 2011; Vol. 732, c. 1074.]

I get the impression that the Government have understood people's support for the board and its effectiveness, and that it is likely, even if changed over time, to continue.

Jon Trickett: I am grateful to the right hon. Gentleman for his comments and for the moderate way he expressed them. We will see over time exactly what the Government's intentions are.

The Government have set out to remove the independence of the youth justice system. The Minister repeated that they want, in effect, to bring it under direct ministerial accountability. There is no financial case that I can see for what the Government are trying to do. I have reservations about something as important as the operation of the criminal justice system, whether or not it deals with young people, being brought under ministerial direction. That is not a debate to be had this afternoon because the Government have withdrawn the proposal. However, any attempt to bring the criminal justice system under direct ministerial accountability will be resisted in this Chamber and in the other place, because it is a long-established tradition that the criminal justice system should, as far as possible, operate independently of the Executive.

The Government have not recognised the case for independence. As my hon. Friend the Member for Wallasey (Ms Eagle) said in Committee, the Government are committed to bringing the YJB under the remit of central Government. It is, in effect, a nationalisation. The Government want to nationalise the criminal justice system, whereas we want to defend its independence, as one would expect. In my view, none of the YJB's core functions will be able to be carried out within central Government.

I do not wish to repeat all the arguments that have been debated elsewhere, but I simply urge the Government to keep in mind, in whatever review they carry out in future, that the independence of youth justice and of the criminal justice system in general needs to be maintained. After all, as has been widely acknowledged, the YJB does an amazing job. It has reduced youth offending, it has protected young people, and on the whole it has made the youth justice system better. In Committee, the YJB was praised, as it has been here today and was in the Lords the other week, by Members on both sides. I am glad that the Government have now recognised formally that it does invaluable work, and that they have withdrawn this proposal. We look forward to seeing in due course whatever the Government do next in relation to this matter.

Sir Alan Beith: The hon. Member for Hemsworth (Jon Trickett) is slightly confusing the very necessary and important independence of the courts with the status of a body such as the Youth Justice Board. The Executive are, and must be, accountable to Parliament for the efficient provision of things such as custody and alternatives to custody. They may choose to do this by way of a semi-independent or arm's length body, but that is much more an administrative decision than a decision about judicial independence, for example. The two concepts are different and should not be confused.

I rise to underline and clarify the points made by the Justice Committee in its 10th report, which was published on 23 November, just after midnight. In that report, we set out our concerns about what would happen if the Youth Justice Board was abolished and what the Ministry of Justice would have to do in order to ensure that youth justice got the focus that the YJB had given it in the good work that it had done. We also set out what needs to happen in the circumstances in which we now find ourselves, whereby the Government have taken the decision not to abolish the YJB. Our concern was that one of the YJB's weak points—perhaps the only one that came out strongly in evidence—was that quite a lot of people working in the sector felt that it was too "top down" in its approach to youth offending teams. The success that we have seen in youth justice has been achieved by youth offending teams bringing together every agency at local level and working together. That has been encouraged and supported by the YJB. However, the YJB itself told us that its oversight of youth offending teams will be lighter touch in future and that it is working to

"promote peer support and allow more room for professional judgement".

That lesson needs to be learned. Indeed, when the Minister gave evidence to us, he gave examples from his own experience to underline that that approach was necessary. He also set out his own case for having greater ministerial accountability and greater ministerial awareness of what the YJB is doing.

The Youth Justice Board will continue. Many people will welcome that because it has provided a very specific focus and enabled things to be achieved in youth justice that have not been achieved in the rest of the criminal justice system. There has been a much better understanding of where to strike a balance between custody and alternatives to custody in youth justice than in other fields. There has also been much better local co-operation between the various agencies that deal with young people. We need to build on those experiences.

I wish the board well in the future. However, I underline the point that the Select Committee made in its report and hope that Ministers have noted it.

5.15 pm

Simon Hughes: If I may, I will add a couple of brief comments.

First, I am grateful to the Government for listening and responding positively, constructively and graciously, as my noble friend Lord McNally did in the other place on 23 November. I also thank my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) for his work and that of the Justice Committee in looking at this issue and putting their wisdom on the table, ready for whatever decision the Government made. That wisdom is just as valid and can still be picked up by the Youth Justice Board and the Government in the circumstances that the Government have announced.

Lord McNally made clear one reason for this decision:

"The other point that has come through in contribution after contribution is that the real influence and power in all this has been the reputation of the YJB itself. It has been able to call on friends in its time of need because of that reputation."—[*Official Report, House of Lords*, 23 November 2011; Vol. 732, c. 1074.]

I associate myself with those whom I call parliamentary friends from across the parties, Lord Warner, who was the midwife—if that is not an inappropriate gender assignation—at the birth of the Youth Justice Board, Lord Elton, Baroness Linklater, Baroness Scotland and others. They have made it clear that although at the beginning it was not evident that the board would be hugely successful, it became more and more successful. I join in the thanks and the tributes to Frances Done, the chair of the Youth Justice Board, and to John Drew, its chief executive.

My right hon. Friend the Member for Berwick-upon-Tweed was right to point to the evidence on the ground of the success of youth offending teams and of that model. The figures, given all the trends in crime, have been extraordinary and have gone in the other direction. Youth crime has come down significantly. Sometimes we are confronted by campaigns or arguments in our local papers which suggest that youth crime is out of control and that youngsters are running amok. That is absolutely not evidence-based. In England, the figures have gone in the other direction. That is a tribute to those who have worked on the ground in youth offending teams, in collaboration with the local police and local authorities; those who work in the youth service, who do a valuable job; and those who have been on the Youth Justice Board over the years.

I wish to pay one tribute that I may not be thanked for, although I hope that I will be. Steven Bradford, who used to work with me in the House of Commons, went

[Simon Hughes]

on to work in the Youth Justice Board. He was a wise and useful researcher when he worked here. The Youth Justice Board has been well served by a group of people like him who have been loyal and committed to an important part of public policy.

The Youth Justice Board has the confidence of young people, the confidence of the agencies that work with young people—Lord Ramsbotham is another person who was clear in his support of the Youth Justice Board—and the confidence of all those who watch these matters and seek a better penal policy. I hope that today is not regarded as a defeat for the Government, but as the Government understanding that it is right for the Youth Justice Board to go on. It will, of course, always be subject to review and it is right that Ministers have to answer in this place for the success of justice policies, whether in relation to adults or young people. They have done in the past and they will do in the future.

Mr Djanogly: I will briefly address the points that have been made, because I know that we have to move on to the next debate. First, I point out the consensus that there is in support of our position. I thank right hon. and hon. Members for that.

The hon. Member for Hemsworth (Jon Trickett) made a point about nationalisation. I am not quite sure what he was getting at. He seemed to suggest that we should go back to business as usual. That is not our position. It is true that the YJB has done good work, as was pointed out by the hon. Member for Stoke-on-Trent South (Robert Flello) and my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes). However, it does need reform, as has been acknowledged by nearly all speakers.

We established a YJB transition programme at an early stage, to cover three strands of work: abolition, the moving of YJB corporate services to the Ministry of Justice, and the restructuring of YJB staff. The second and third of those strands will go ahead whether or not abolition takes place. It is difficult to disentangle the costs and attribute accurate costs to each, but that is the current position.

I am grateful to my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith), who explained his concern and, I believe, that of his Committee, that the YJB's approach is too top-down. I assure him that I will take that point back to the Under-Secretary of State, my hon. Friend the Member for Reigate (Mr Blunt), to help him in considering the options for reform before he brings forward his proposals in due course.

Question put and agreed to.

Schedule 5

Power to modify or transfer functions: bodies and offices

Mr Djanogly: I beg to move,

That this House does not insist on their Amendment No. 53 to which the Lords have disagreed and agrees to amendments 53A to 53C proposed by the Lords in lieu of that Amendment.

Under Commons amendment 53, we would have retained the office of the chief coroner in statute but transferred its functions to the Lord Chief Justice and the Lord Chancellor. However, we recognised the desire to have a single judicial figure responsible for leading the coroner system, a view that was expressed in both Houses and by a range of stakeholders. We therefore tabled further amendments in the Lords that would allow us to implement the office of the chief coroner without delay and bring into force the range of chief coroner powers envisaged under part 1 of the Coroners and Justice Act 2009.

We will not, however, implement the appeals provision under section 40 of the 2009 Act, which will be repealed. That will leave in place the existing system of redress, so that decisions can still be contested by way of judicial review or by application to the High Court by, or under the authority of, the Attorney-General.

The proposal before us will provide the system with leadership and will bring further improvements to jurisdiction, training and monitoring, and it will allow us to bring about all those things without further delay.

Jon Trickett: I beg to move an amendment, to leave out "agrees" and insert "disagrees".

This is a similar debate to the last one, in the sense that the Government have now withdrawn an unreasonable proposal. The truth is, of course, that they did not have a majority in the other place to deliver either proposal, so although some good grace has been shown, there are also mathematical reasons to do with how the votes were going to go in the other place.

Hopefully, Members will never have recourse to the coronial system as a result of a sudden unexplained death of a loved one. We can all imagine that if we did, we would probably be in a difficult emotional condition. We would hope that we would be helped in discovering the true cause of that sudden and tragic death by a modern, professional, strong and independent-minded coroner.

Unfortunately, there have been too many cases reported in which the families, friends and colleagues of a loved one have felt let down by the coronial service that they have received. I do not need to dwell on the many occasions when the service was felt to have failed, but it became clear that the whole coronial service needed to be modernised, made more professional and above all made more accountable.

The Opposition are totally in favour of modernising public services that need to be modernised. We are in favour of reform, and I will not have anything else said. The view that the coronial service needs to be reformed and made more accountable is not simply that of a few party hacks in this place or elsewhere. It is the view of, for example, the Royal British Legion and of INQUEST, an organisation of which many Members will have heard. Between them, those organisations represent many bereaved families, including the families of our fallen heroes. So I have been perplexed throughout the Bill's progress by the Government's continuing failure to respond, not to our arguments, but to the voices of the bereaved and those who represent them, to the extent that, as the House knows, the Bill Committee

refused to allow witnesses from the Royal British Legion to appear before it so that we could hear what they had to say on behalf of those families.

In the previous Parliament, it became the settled will of this House and the other place that the way to achieve far-reaching reform of the whole coronial service should be—at least in part—through establishing a new post, the chief coroner. The chief coroner's tasks were well debated at the time and I will not rehearse them. Then, there was a change of Government and, bizarrely, as part of their review of quangos, this Administration decided to abolish the post of chief coroner, notwithstanding the fact that that post is not a quango. We repeatedly warned that that would be a major error and we therefore fully support the Government's decision to take the office of chief coroner out of schedule 5, thereby securing the post's existence.

I am happy that the hard work of organisations such as the British Legion and INQUEST, as well as that of many individuals, has finally paid off.

Jonathan Ashworth (Leicester South) (Lab): Like my hon. Friend, I supported the British Legion's campaign throughout the Bill's passage. I want to put something on the record briefly. Many representatives of faith communities in the city of Leicester have approached me because of their concerns that coronial services need to be improved across the piece and be sensitive to faith communities' needs. I wanted to put that to the Minister, but he was speedier than I anticipated. Does my hon. Friend agree that representatives of faith communities should sit on the bereavement committee that the Minister is establishing to advise on those matters?

Jon Trickett: I am grateful to my hon. Friend, who played a distinguished role throughout the Committee's proceedings and spoke on Second and Third Reading. I know that he pays close attention to such matters as a hard-working constituency representative in the city of Leicester. I agree with his points.

Let me outline the reasons why we felt uncomfortable with the direction that the Government were taking. We heard that they were going to perform a fairly undignified climb-down on the post of chief coroner, and it looked like a wholesale victory, but, as is becoming the Government's custom, the announcement was not made in this House or the other place, but to the media. We heard about it on the BBC the night before the Bill went into Committee in the other place. I think that that is deplorable.

Many people were misled into saying that it was a wholesale victory for common sense and that the Government had finally listened. However, when we saw the detail of the proposals, it immediately became clear that there was a flaw at their centre. The Government have decided not to delete the post of chief coroner—we welcome that—but they have also decided, as the Minister just said, to repeal section 40 of the Coroners and Justice Act 2009. That means that there will be no right of appeal against a coroner's decision—as we have heard, from time to time, those decisions are contested—to the chief coroner, as the House originally intended.

The Government know perfectly well that there is no need to repeal section 40, which will allow for appeals in due course, since the 2009 Act understood that such action had to be taken carefully. A procedure was therefore put in place so that the process of appealing to the chief coroner would not be invoked until the Secretary of State allowed that to happen. We strongly believe that that should continue. In effect, the removal of the right of appeal will reduce the office of the chief coroner to an administrative post with limited oversight of the coronial system, and that is to be regretted. We agree with INQUEST, which has circulated a note to all hon. Members today, that section 40 of the original Act should be retained and that a pilot for the appeals procedure could then be undertaken by the chief coroner when the post is filled. That review could be undertaken alongside the Ministry of Justice's review. That would allow the Government to make an informed decision on how to proceed with reform of the coronial system. It seems that the Government are unwilling to make an informed decision, but have just decided, dogmatically, that there will be no appeals system. I strongly believe that a pilot would prove beyond doubt the efficacy of a national appeals system to the chief coroner. Why on earth would the Government withdraw that power? It is baffling.

5.30 pm

Now we turn to the reason that the Government have given for the abolition of the right of appeal. The argument has been made in different ways at different times by various Ministers. They have tended to talk about saving money. I will not dwell on the issue of trying to save money by failing to have a proper review of how people may have lost their lives. It is hard to argue that we should save money in such an important area. Be that as it may, the Government have talked about saving money, but their costings are based on an analysis from 2008 and show a total saving—from doing away with the whole chief coroner system—of only £6.5 million. However, the estimated saving on the appeals process alone was only £1.5 million. That is a lot of money, but the saving estimate fails to take into account the likely additional costs that will arise if the Government have their way today and the appeals system is abolished.

The problem is that if aggrieved parties are denied the right of appeal to the chief coroner, they will seek judicial review, as the Minister confirmed. I suggest that the cost to the taxpayer of abolishing the appeal process will therefore be far greater than the savings made.

Sir Alan Beith: The hon. Gentleman talks as if the appeals system exists and is about to be removed, but in fact it does not exist, because the chief coroner was not appointed and the clauses were not put into effect. The situation that he is describing as some strange and horrific future possibility is actually what we have now.

Jon Trickett: Of course it is, and I am baffled by that intervention, given that I have just said that section 40 allows for an appeals system to be introduced in due course. What was envisaged was a proper coronial system with an appeals process and a chief coroner who would have authority over the whole system. The Government are seeking to stop that logical process, which could be tested first by a pilot, and to put in an illogical system, with a chief coroner who would effectively be reduced to a purely administrative post.

[Jon Trickett]

In response to a series of parliamentary questions and freedom of information requests, Ministers have revealed that at no stage have the Government estimated the likely costs of additional judicial reviews, as opposed to an appeals system. On that basis, it is odd to argue that savings will be inherent in this decision.

Charlie Elphicke (Dover) (Con): Surely having a right of appeal would just mean more cost and delay. The really important role that the coroner has had historically is to make a judgment and provide closure. Is not that the most important of the coroner's responsibilities?

Jon Trickett: The two interventions have been revealing. Both interventions, and the Minister's original speech, envisage more judicial reviews taking place in the absence of a proper and orderly appeals process. The problem with judicial review is that it is more expensive than the appeals system. It can take years and it is burdensome, bureaucratic and emotionally painful to the bereaved families. The average cost to an individual is £30,000. We are talking about people, such as families of service men and women, who may want to contest the decisions of a coroner. Under clause 40 of the Coroners and Justice Act 2009, there is a simple system that allows for an appeal to the chief coroner, which would create a precedent for the whole coronial service. Rather than that, the Government are resting their case on the fact that the appeal process will go through judicial review. That is not an appropriate way in which to handle a very sensitive service.

Charlie Elphicke: I thank the hon. Gentleman for giving way again. He is being typically generous and kind. Judicial review is not a form of appeal. Sometimes it is used as collateral challenge, but it is not a form of appeal. It is used when there has been a procedural irregularity. The key message must be that the whole point of the coroner system is to get closure so that people can move on with their lives. A person has to get leave to apply for judicial review, and they must show that there has been some procedural irregularity or proper grounds for that kind of action to be taken.

Jon Trickett: The British Legion, which is closer to any of the service families than we are, says that it would prefer an appeals system. The hon. Gentleman has to say why he thinks that he understands better the needs of bereaved families than the British Legion. I suggest that he does not understand better, and nor do I. It is better to defer to the judgment of the British Legion.

Stephen Mosley (City of Chester) (Con) *rose—*

Jon Trickett: I will not take any more interventions because there are other people who wish to catch the Deputy Speaker's eye. The Government clearly want judicial review, but the problem is that it is a complex system. We will have the individual coroner's court, the chief coroner and then the intervention of the judiciary through judicial review. It is a complicated administrative and legal process. Families who are bereaved and who simply do not understand what happened to their loved one want an explanation and the matter to be brought to closure. A judicial review can take years before an issue is resolved and cost tens of thousands of pounds.

Mr Djanogly: Will the hon. Gentleman explain to the House why he thinks that the chief coroner's decision is less likely to be judicially reviewed than any other decision?

Jon Trickett: There may be some judicial reviews under the chief coroner, but they will be fewer in number. It will be a far more efficient system. At the end of the day, we want to do what the families want. The families are saying to us—the British Legion, INQUEST and individual families—that they do not want what the Government are trying to achieve. If the Government's reasoning is to save money, it would be more efficient, better emotionally and cheaper to allow section 40 to remain on the statute book so that a decision can be made in the fullness of time, with all the options having been carefully considered.

It has been suggested that removing the right of appeal, which was in the original Act and which the Government now wish to achieve, will effectively neuter the role of the chief coroner. More sinister than that is a rumour that is now circulating that the Government intend simply to fail to fill the post of chief coroner. Will the Minister now tell the House when he intends to fill that post?

Mr Djanogly *rose—*

Jon Trickett: I have said that I will not take any more interventions. The Government have moved considerably during the course of this Bill, and we will support the decision to retain the post of chief coroner. We welcome the Government's decision in relation to that matter. For the reasons that I have given already, I will seek your permission, Mr Deputy Speaker, to divide the House on the question of the retention of the right of appeal to the chief coroner.

Andrew Percy (Brigg and Goole) (Con): I shall try to keep my remarks as brief as possible. I begin by welcoming the decision—I will not call it a climbdown—to retain the post of chief coroner. I moved an amendment in this place to reinstate the post, and in that vote I was grateful for the support of the Labour Front-Bench team and some of my hon. Friends.

It is important to rehearse one or two of the arguments, as the hon. Member for Hemsworth (Jon Trickett) did, about why we need this reform and why Conservative Members, at the time, supported the creation of the post of chief coroner. There have been numerous examples of people and families receiving appalling and disgusting treatment at the hands of the coronial system. On Report, I mentioned a couple of such examples, and consequently, since then, other people in my area have come forward with their own examples.

We agreed, therefore, that there was a definite need for the reform and for the post of chief coroner. Of course, had the post been filled before this all started, we would not be in such a weak position, having advanced that argument. Nevertheless, I welcome the decision—whatever the reason—to reinstate the post. I look forward to hearing from the Minister, who tried to intervene on the Opposition spokesman, when exactly the post will be filled. One of the reasons I wanted to speak was to get an answer to that question.

Mr Djanogly: I can confirm that the Lord Chancellor and the Lord Chief Justice will immediately discuss how and when the post will be filled.

Andrew Percy: I thank the Minister for that.

The question of the appeals process is not quite as simple or clear-cut as has been presented. Despite referring to the appeals process when I moved my amendment a few weeks ago, it was not one of the main drivers behind my joining the campaign. The fact that under the previous legislation it was accepted that the process would not start for some time demonstrates the difficulties that arise. There is the perception or concern that some people might use the appeals process almost to continue the grieving process. Members have talked about getting closure, but actually the appeals process can postpone that closure, which can be difficult for families.

I understand, therefore, that this is a difficult issue. The Opposition spokesperson made a sensible proposal—about having a trial—but that is not necessarily the answer, because, as the Minister said, those decisions can be judicially reviewed. The key point about the chief coroner was his role in driving the necessary reforms, which can continue with or without the appeals process.

Stephen Mosley: Is not one of the key points about the chief coroner, as envisaged by the Minister, that he will be responsible for training and monitoring? My hon. Friend mentioned constituents who have had disagreements with the coronial system. Those problems would be solved if we had a chief coroner to look at training and monitoring.

Andrew Percy: Of course, the position was created precisely to drive that top-down change and to ensure that people's experience of the coronial system was even and equal across the country. That is the element that we have to focus on. We have to accept that we are where we are—the other place has determined the matter—and that there will be no changes to the appeals process, although I hope that the Minister will not take that possibility off the table permanently. Perhaps we could reconsider that matter further down the line.

We now need to focus on getting the position filled and driving forward that change. I welcome the position that we are in, and I join the Opposition Front-Bench team in paying tribute to the role of the Royal British Legion, as well as organisations such as INQUEST and, interestingly, the British Medical Association, which supported, and continues to support, the post of chief coroner. The Royal British Legion has done an exceptional amount of work in raising the matter and doggedly fighting for it.

This is also a question of our commitment to the covenant. Obviously it is not just service personnel families who are affected, but they are uppermost in our minds when we think about the post.

I welcome the fact that we have this position again. I hope that the appointment will be made as quickly as possible and that the genuine change that all of us, in all parts of the House, have agreed needs to be made, is indeed made. Finally, let me again make a plea to the Minister to consider the appeals process in due course, although I fully accept the complex nature of such appeals.

5.45 pm

Robert Flello: Let me begin by adding my praise to INQUEST, the Royal British Legion and a host of other organisations, which are almost too numerous to mention, that have been behind the campaign to ensure that the Government finally saw sense on refilling the post of chief coroner—not appointing someone to the post, because it was filled. Somebody was appointed, but then, shall we say, let go. I also pay tribute to the hon. Member for Brigg and Goole (Andrew Percy) for the work that he did, which is much appreciated.

I am extremely disappointed that, having been told time and again, and shown the error of their ways, the Government waited until the 11th hour—or not quite the 11th hour: it was probably around half past 7—finally to change their mind. However, they then behaved like a small child. Having been found out, they now want to kick the toys around spitefully. Section 40 can be introduced over time, in a measured way, using pilots. However, simply saying, "Okay, have the chief coroner, but you can't have appeals," looks petulant and leaves the Minister and the Ministry of Justice looking stupid. *[Interruption.]* Allow me to rephrase that, Mr Deputy Speaker. I did not mean for a moment to say that the Minister looked stupid; however, the stupidity of the actions stands out.

INQUEST has said as recently as today that it envisages that section 40 would

"remain on the statute book until, at a time to be agreed in the future, the provision would be brought into force by the Secretary of State under section 182 of the Act so a full pilot and review of the appeals process could be undertaken by the Chief Coroner."

That is totally sensible. It continues:

"This would enable a properly costed, informed decision to be taken about rolling out a new avenue of appeal across coroners courts in England and Wales. Terms of the pilot and review would be decided between the Chief Coroner and the Ministry of Justice and, under our proposal"—

the proposal put forward by it and RBL—

"an appeals process would not come into effect for several years."

All that is eminently doable, and to say otherwise is frankly wrong. INQUEST continues:

"An appeals process overseen by the chief coroner would offer families a route to resolve poor decision making."

That relates to the interventions from the hon. Member for Dover (Charlie Elphicke)—*[Interruption]*—who is probably tweeting at the moment.

Charlie Elphicke *indicated dissent.*

Robert Flello: I have got his attention—marvellous.

As INQUEST says, this is about

"poor decision-making by coroners before and during the course of the inquest so that any legal questions on these points could be dealt with quickly and efficiently. Currently, the only avenue of appeal for bereaved families about the decision-making of coroners and their conduct of an inquest is through judicial review which, as well as being expensive and complex, will often result in lengthy delays and adjourned inquest hearings while the issue is dealt with by the High Court."

Let me give a quick example. Sheila Taylor bravely came to this House and spoke at a meeting with INQUEST on 20 October, following the tragic death of her son Mike, in April 2007. She says, among many other deeply poignant things:

[Robert Flello]

"The Coroner's Office didn't inform us that we had a right to be present at the post-mortem. That had already been done before we were informed of Mike's death, which made us suspicious. Was there some sort of cover-up? Had he been murdered? Had he been given the wrong drugs? The Coroner's Officer was so rude in response to our questioning that we had to get our solicitor to speak to him on our behalf. We decided we needed a second toxicology report, but that caused a delay of 8 weeks before we could hold the funeral. You can imagine how upsetting that was."

We can also imagine how upsetting it is for a family who have something that they are not happy about—indeed, something they have deep concerns about—but for whom the only avenue currently open is the judicial review approach, as the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) said. Families such as the Taylors have to decide whether they want their son's funeral delayed even further and the coroner to take even longer to look at their case, while they go through the expensive and lengthy process of judicial review. It does not need to be like that.

Charlie Elphicke: The hon. Gentleman was kind enough to suggest that I was tweeting. In fact, I was looking up the difference between judicial review and section 13 applications under the previous arrangements and section 40 appeals under the current arrangements, and it struck me that there was not much difference between the two. I wonder whether we are actually talking about a slightly illusory right of appeal.

Robert Flello: Perhaps the hon. Gentleman should go and use a fully sized computer to conduct some proper research, rather than using a small hand-held device in the Chamber, which is probably not allowed by "Erskine May" in any case.

The Government have previously referred to cost, but—this has been said several times already, but I shall say it again because it is so important—the whole cost issue is a nonsense in many respects. Answers to parliamentary questions, responses to freedom of information requests and discussions with the Ministry of Justice have shown that the Government have not analysed the current costs of judicial reviews of coroners' decisions or made any attempts to ascertain what the future costs might be, and have thus been unable to make any comparison with the section 40 appeals process.

If section 40 remains on the statute book, things can be done properly, carefully, steadily and slowly. There is no need for them to be done tomorrow. There is no need to say, as the Minister has, "We want to ensure that all this can be done quickly, so we must omit section 40." I am sorry, but that is wrong, and I suggest that he should read the Act again.

I do not know whether the Minister suddenly thought "We are going to lose at the other end of the Corridor", or whether there was a moment on Remembrance Sunday when he stood thinking about the ultimate sacrifice that people had made, and about the small sacrifice that the House could make by doing the right thing. Whatever the reason for his decision, however, I know for certain that he will not want to upset the Whips today, and that he therefore will not tell the House that he will not press the amendment that would remove section 40. That is a tragedy.

No doubt the Government will win the vote despite the brave stance of many Government Members, but notwithstanding that victory and notwithstanding the removal of section 40, which I am sure will happen, I ask the Minister to ponder this: he may win the vote, but he will have lost the moral and ethical argument. He will also have lost any chance of being viewed positively by the—sadly—tens of thousands, if not hundreds of thousands, of bereaved families out there, and those who represent them, who know that section 40 is the answer. He has done the right thing in regard to the chief coroner, for whatever reason, and I now ask him to do the right thing in this regard.

Stephen Mosley: I believe that the Minister wants the chief coroner to be able to ensure that coroners are fully trained and know how to deal with issues so that no mistakes are made. Appeals are necessary only if things go wrong, so is not the solution to ensure that they do not go wrong in the first place?

Robert Flello: I might have a little more sympathy with that argument had the Minister not said on previous occasions that there was no need for a chief coroner, and that the precautions listed by the hon. Gentleman were not necessary. He cannot have it both ways.

Mr Djanogly: As the hon. Gentleman well knows, the Government's reforms provided for training under alternative proposals.

Robert Flello: I do not disagree with the Minister—he did say that the Government wanted to provide for training—but the point was made time and again from the Dispatch Box that there was no need for the chief coroner to do any of the things that were mentioned by the hon. Member for City of Chester (Stephen Mosley). Thankfully the Minister has seen sense in that regard. However, if the hon. Gentleman is right and the existence of a chief coroner means that all coroners will finally be up to standard, there will be few if any appeals, so where is the harm in including section 40? I suggest that there is no harm in it at all.

I think that the Minister needs to do the right thing. I know that he will not do it today, but I know that it will be done at some point in the future.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. Before I call the next speaker, may I point out that discreet use of hand-held devices is allowed in the Chamber? If it were not, I would have disallowed it in this instance.

Sir Alan Beith: The Select Committee on Justice has taken extensive evidence on the failings in the coronial system and the need for reform. We felt strongly that there should be a chief coroner and I continued to press that argument with Ministers on many occasions. The Government found alternative ways of trying to achieve the same things, and it would be wrong to suggest that in their use of the powers of the Lord Chief Justice they were not hoping to achieve significant reform.

Clearly there is consensus about reform. Anyone who has seen the experience of families who have had delayed inquests or poor service from coroner's offices, and who

is aware of the completely patchwork system of support for coroners around the country, realises that fundamental reform is required. That can now be achieved through the office of chief coroner, which I felt all along was the sensible way to do it. That involves professional leadership, training and tackling the jurisdictional issues so that, for example, the chief coroner can move inquests to a coroner who is in a position to provide the service when there is too much pressure in another coronial area.

Where there is not consensus is on the appeal issue. I know how strongly the Royal British Legion feels about that and I respect its campaign, but significant legal questions are raised by whether we substitute the decision of one coroner for that of another—that is a quite different process from judicial review. We do not have time to debate that in detail today, but I simply say that there is wide consensus on the need to reform the coroner system. There are many good coroners and many excellent coroner's offices, but it is a very uneven system. The chief coroner should now be a mechanism for undertaking that reform, but the issue of appeals is one on which there is much more to be argued over and we might be holding out to families the false promise that they will somehow be in a better position than they would be with the present system. It would be wrong of us in this House to do that, so I urge the Minister to get on with the crucial reforms of the system, which the chief coroner can achieve.

Simon Hughes: I strongly endorse the views just expressed by my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith). I represent a coroner's court in Southwark and we have had very good coroners—Monty Levine, who was very famous, and Andrew Harris, the current coroner, who is a friend of mine. However, like other colleagues, I have had experiences, involving constituents and others, of really bad coroner's decisions. The Taylor family have been mentioned by the hon. Member for Stoke-on-Trent South (Robert Flello), and Michael, who died, was a constituent of mine. I am also talking about the inquests after the Marchioness sank in my constituency, the battle that the lovely late Eileen Dallaglio had to fight on behalf of her daughter and the battles that all the others like her had to fight. In the end, they had to go through a judicial review because they were terribly treated by the coroner who dealt with that case.

I welcome the fact that the Government have changed their mind and that the scheme introduced eventually by Labour—we had to push but it was eventually put on the statute book—can now be implemented in respect of creating a chief coroner. I urged, as others have, that that decision be taken. It is reasonable to proceed gradually along the road that has now been accepted by the Government. They are clear that they are going to report back on Army coroner's inquests—the Armed Forces Bill does that. As Lord McNally said in the other place, this is not just about training; it is about monitoring, reporting and direction. That will give us a good base. There will also be an annual report to Parliament.

May I end by saying that I also have the privilege of being the Member of Parliament for the headquarters of the Royal British Legion, and I know that INQUEST has worked with the RBL very well. They are very honourable organisations, they have fought an honourable fight and they have won an honourable victory. The House owes its gratitude to them and to the Government for understanding the strength of feeling on this case.

Mr Djanogly: With the leave of the House, Mr Deputy Speaker, let me just repeat that the Government are committed to urgent and meaningful reform of the coroner system to ensure that inquests are timely, efficient and effective and that bereaved families are provided with the information and support they need throughout this emotionally difficult process. I was pleased to hear the hon. Member for Hemsworth (Jon Trickett) speaking in favour of reform. He needs to be aware that the position on the statutory basis for reform was the same between all the parties in the House, despite differences over the position on the chief coroner. I was very pleased to hear my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) recognising that and making the point strongly.

The hon. Member for Leicester South (Jonathan Ashworth) made the very good point that as important as coronial reform is for military inquests, this goes much further than military inquests. I acknowledge his concern that faith groups should be considered and I take that back with me.

Various hon. Members spoke about cost and the implications for judicial review. My hon. Friends the Members for Brigg and Goole (Andrew Percy) and for Dover (Charlie Elphicke) pointed out the need for closure for families and made their points very well. I understand the concerns about the cost of judicial review, but the chief coroner would not have had the final word on appeals. The option of judicially reviewing the chief coroner's decision would still have been available, and bereaved families might have been encouraged to exhaust all mechanisms for challenging the coroner's original findings. As a result, we would not have expected any reduction in the number of judicial reviews; indeed, there could have been an increase.

Various hon. Members, including the hon. Members for Hemsworth and for Stoke-on-Trent South (Robert Flello) asked why we are not—

6 pm

One hour having elapsed since the commencement of proceedings on the Lords message, the debate was interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83G).

That the amendment be made.

The House divided: Ayes 215, Noes 291.

Division No. 404] **[6 pm**

AYES

Abbott, Ms Diane	Banks, Gordon
Abrahams, Debbie	Barron, rh Mr Kevin
Ainsworth, rh Mr Bob	Bayley, Hugh
Alexander, Heidi	Beckett, rh Margaret
Ali, Rushanara	Begg, Dame Anne
Allen, Mr Graham	Bell, Sir Stuart
Anderson, Mr David	Benn, rh Hilary
Austin, Ian	Benton, Mr Joe
Bailey, Mr Adrian	Berger, Luciana
Bain, Mr William	Blackman-Woods, Roberta
Balls, rh Ed	Blears, rh Hazel

Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Efford, Clive
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Farrelly, Paul
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McClymont, Gregg
McDonnell, Dr Alasdair
McFadden, rh Mr Pat
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Thomas, Mr Gareth
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Williams, Hywel
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Jonathan Ashworth and Phil Wilson

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Cable, rh Vince
Cairns, Alun
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Kenneth
Collins, Damian
Colvile, Oliver
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davis, rh Mr David
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George

Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Jenkin, Mr Bernard
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kelly, Chris
Kirby, Simon
Kwarteng, Kwasi
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lloyd, Stephen
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McLoughlin, rh Mr Patrick
McVey, Esther
Mensch, Louise
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Williams, Mr Mark
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
James Duddridge and Stephen Crabb

Question accordingly negatived.

The Deputy Speaker then put forthwith the Question necessary for the disposal of the business to be concluded at that time (Standing Order No. 83G).

Main Question put and agreed to.

Resolved,

That this House does not insist on their Amendment No. 53 to which the Lords have disagreed and agrees to amendments 53A to 53C proposed by the Lords in lieu of that Amendment.

National Policy Statements

[Relevant documents: The Fifth Report from the Transport Committee, Session 2009-10, on the proposal for a National Policy Statement on Ports, HC 217, and the Government's response thereto.]

6.15 pm

The Parliamentary Under-Secretary of State for Transport (Norman Baker): I beg to move,

That this House takes note of and approves the National Policy Statement for Ports, which was laid before this House on 24 October.

It falls to me to introduce the motion because the Under-Secretary of State for Transport, my hon. Friend the Member for Hemel Hempstead (Mike Penning), the Minister with responsibility for shipping, is this evening hosting a reception on the occasion of the 27th assembly of the International Maritime Organisation.

The national policy statement sets out national policy which must be considered in determining whether development consent should be granted to port infrastructure projects that are examined by the Infrastructure Planning Commission or, with effect from next April, when it is intended that the Infrastructure Planning Commission will be abolished, the major infrastructure planning unit in the Planning Inspectorate. It is also intended that the national policy statement will stand as a material consideration for port developments below the capacity thresholds that are set out in section 24 of the Planning Act 2008, which fall to be considered by the Marine Management Organisation. The national policy statement applies to ports in England and Wales, but not in Scotland or Northern Ireland, where ports policy is devolved.

Members will know that the previous Administration consulted on a proposal for the national policy statement on ports between November 2009 and February 2010. Alongside and beyond this consultation, Parliament also undertook scrutiny of the draft national policy statement. Scrutiny in this House was undertaken by the Select Committee on Transport, which held three oral hearings, took written evidence and in March 2010 published a report of its findings with 22 recommendations and conclusions, to which the Government have responded. I would like to take this opportunity to thank members of the previous Transport Committee, including the then and present Chairman, the hon. Member for Liverpool, Riverside (Mrs Ellman), for the important work that they undertook, the thoroughness with which they approached it, and their readiness to do that within a relatively short period.

This debate is taking place because the Government have agreed with the House to anticipate, as we did earlier this year for the suite of energy national policy statements, the relevant requirements of the Localism Act 2011, which will not come into effect until next year. I will speak briefly about the Government's planning reform agenda; the purpose of national policy statements; and the background to the Government's ports policy and the need for new infrastructure, which is central to the national policy statement.

On the planning reform agenda, the Government are committed to making the planning system as a whole work better. "Better" means faster, fairer and easier to understand for all involved, including applicants and objectors, while of course giving due regard to environmental considerations. It most emphatically does not mean denying people a right to be heard. My ministerial colleagues at the Department for Communities and Local Government are satisfied that the system of engagement and consultation set up by the Planning Act 2008 fully secures that right, so we have not sought to modify that. Engagement with local people and their representatives from an early stage is crucial if applications are to come to the Infrastructure Planning Commission or Planning Inspectorate with the project as well defined as it can be, and with proposals for avoiding, mitigating and/or compensating for adverse impacts.

Dr Julian Lewis (New Forest East) (Con): Is the Minister aware that after a year-long planning inquiry, a proposal for a massive container port at Dibden bay on the edge of the New Forest was turned down? I understand that there would not be provision for any such inquiry in the future. Can he assure me and my constituents that a streamlined planning process for such a proposal would be no more likely to be carried than it was under the previous, rather more detailed opportunities for challenging it?

Norman Baker: I do not believe that the change in arrangements makes that more likely, but obviously every application is considered on its merits and according to the circumstances that apply at the time.

The Government have set demanding targets for the consideration of what could be complex cases, but applicants and their consultees must contribute by thinking well ahead and ensuring that applications are fit for purpose. The Department recommends that ports should start in this spirit by consulting on port master plans. These are neither statutory documents, nor part of the formal Planning Act regime, but nevertheless they could help enormously to promote local understanding of what a port is trying to achieve and how best to avoid or mitigate adverse impacts. Master plans are not confined to large ports. Newhaven in my constituency is an excellent example of a port engaging thoroughly with its community in that way.

Mr John Denham (Southampton, Itchen) (Lab): Paragraph 4.4.1 of the national policy statement states:

"Ports in England and Wales operate on commercial lines, without public subsidy and with investment from their own operating profits or from the private sector investors."

Will the Minister assure me that the Government will uphold that policy rigorously and fairly, particularly given the desire of the port of Liverpool to use a publicly funded cruise terminal to compete with the privately funded cruise terminals in Southampton, which breaches the principle of fair competition?

Norman Baker: I am sure that it is Government policy to uphold all policies fairly, and I imagine that that is what my hon. Friend the shipping Minister and others will seek to do.

Where we have made a change is in the intention to abolish the Infrastructure Planning Commission so that, from next April, major project applications will revert to the Secretary of State for decision following consideration by the major infrastructure planning unit, which is to be set up within the Planning Inspectorate. That reinstates

an important element of democratic oversight in the process, although I should make it clear that the Secretary of State intends to consider applications on the facts, on the advice of the major infrastructure planning unit, and in accordance with the national policy statement.

Another aspect of the Planning Act that we have retained is the principle that applications should not succeed if their adverse impacts outweigh their benefits. I do not believe that many applications will fail that test if they are thoroughly prepared in accordance with the national policy statement, but none the less this represents a robust safety net in case we fail to foresee any significant adverse impacts. The Infrastructure Planning Commission, and the major infrastructure planning unit that will succeed it, will not be a completely one-stop shop, but it nevertheless reduces the separate applications potentially required. Marine licensing, as set up under the Marine and Coastal Access Act 2009, streamlines previous licence and consent requirements, and associated development can now be fully integrated with the main application.

The purpose of national policy statements more generally is to provide a framework for preparing, considering and deciding planning applications. Therefore, this national policy statement does not purport to be a complete statement of Government policy as it relates to each and every aspect of ports. In essence, it is a planning document.

The UK is of course a trading nation, and well over 90% of our international trade by weight arrives or leaves by sea—the lion's share of a total traffic of around 500 million tonnes a year. Ports are under-appreciated. They ply much of their trade behind high security fences, and even large ships can be surprisingly inconspicuous to those living in the port's hinterland. We need port capacity to carry that trade and provide for coastal traffic, which can help to take lorries off our roads and reduce the incidence of pollution and congestion.

Sarah Newton (Truro and Falmouth) (Con): I very much welcome the national policy statement and those statements that will have a positive impact on ports, such as Falmouth, set out in today's national infrastructure plan. One helpful recommendation relates to the habitats directive and helping to balance the economic and social impacts of a port against potential impacts on habitats. It proposes setting up an industry body that would work with Ministers to review some of the over-zealous interpretations of the habitats directive and its impact on licensing port activities. Will the Minister shed some light on when that body will be set up and which industry bodies will be represented on it?

Norman Baker: I am afraid I cannot answer that question in detail, but I will ask my hon. Friend the shipping Minister to respond to it. We are determined to strike a balance between the sensible needs of a working port and respecting the natural environment as far as possible, and it would be quite wrong if one of those were able to triumph unduly over the other. We can strike a sensible balance in our arrangements, and my hon. Friend the Member for Truro and Falmouth (Sarah Newton) is right to raise the matter, so I will ensure that the shipping Minister writes to her with the answer that she has asked for.

Mr Denham: The Minister could unlock £150 million of totally private investment in Southampton's container port next September if only he and his colleague's officials cut through the red tape holding up that investment and the dredging of the River Test, which is necessary for large container ships. I am sure that he will not have been briefed on the issue, but I urge him to take it away and see what can be done to resolve it.

Norman Baker: I will happily take that issue away. It is important that we unlock private investment, that we help our ports and, at this particular time, as the Chancellor said today, bring forward investment where possible, so I will look at the problems that exist in the area and see whether they can be overcome. It may be that they cannot, but it is perfectly proper to raise the issue in the Chamber.

Ports are diverse. They cater for liquid-bulks, dry-bulks and break-bulks, ro-ro, including trade vehicles, and of course containers, and they play host to many kinds of warehousing, distribution and process activities. Their markets can be lively and volatile, and they need to be nimble in the short term to react to changing market conditions and patterns of demand, yet they must also plan for the long term. Port infrastructure is long-lived, lasting 20, perhaps 30, years and more, so it is important that such decisions are taken carefully, with full regard to all their significant consequences.

In the short term, the ports industry is well placed to respond to economic recovery. The first phase of Hutchison's Felixstowe South project is already open, and that will help to secure the nation's ability to accommodate the largest container vessels; we have seen the announcement by Dubai Ports World that it plans to complete the first phase of the London Gateway container terminal by the end of 2013; ABP Southampton, to which the right hon. Gentleman perhaps alluded, is pressing ahead with its own expansion plans; and other ports, including Bristol, Teesport and Mersey, already have consent for development.

We cannot afford to be complacent, however. Investors in ports need to be able to plan development for every type of traffic, and to do so in a planning context that is stable and well understood. Equally, ports' neighbours need to know how their essential interests will be protected through the planning system.

The national policy statement brings together established policy for ports and established policy for mitigating their adverse impact. The fundamental policy that we set out in the ports national policy statement is market-led, building on the success of the industry since it was freed from the constraints of state ownership and the national dock labour scheme. Port operators are best placed to decide the type of facilities they need, so this is a non-location directive national policy statement, and I make no apology for that.

At the same time, development must be in sympathy with the environment, including the marine environment —to pick up the point that my hon. Friend the Member for Truro and Falmouth made. The national policy statement sets out in some detail how that translates into requirements for planning applications and their accompanying environmental statements. Unless there is provision for sufficient capacity, disruption at major ports has the potential to translate very quickly into serious disruption to people's everyday lives.

[Norman Baker]

The national policy statement expresses confidence that the ports industry, with each owner/operator taking its own commercial view, will deliver the resilience that the country needs against disruption, and the national policy statement is very clear that the planning system should give weight to delivering that important resilience.

Finally, in completing the national policy statement, we have been fully conscious of the fact that ports are nodes in a network, and that connecting infrastructure is essential to their success.

Jim Shannon (Strangford) (DUP): The Minister said that authority over, and responsibility for, ports is devolved to Northern Ireland, the area that I represent, so from a ports point of view, what is the relationship between Westminster and Northern Ireland? In other words, do we have continuity of strategy and parity so that the relationship between the mainland and Northern Ireland is real and we all benefit?

Norman Baker: I assure the hon. Gentleman that there are, indeed, well established and close links between the Department for Transport and the devolved Administrations in Scotland, Wales and Northern Ireland. We certainly draw attention to and discuss with the devolved Administrations any issue that appears to have importance outside the English coastline, as it were, so I hope that that reassurance satisfies him.

Several consultees, as well as the Transport Committee, argued that the national policy statement on ports should be designated alongside the launch of our consultation on the proposal for a national networks national policy statement. I have some sympathy with those arguments, but so much of transport policy is interconnected that one could make a case for linking many other documents in this way, and the practicalities do not always work out. In the Government's response to the Transport Committee's recommendations, we explained why we are confident that both national policy statements will work as free-standing but mutually consistent statements.

Our reforms to the major infrastructure planning process will ensure that there is a concise framework for development that can be readily understood by all those involved in the planning system. Ministers will be responsible for decisions to consent or to refuse major infrastructure development, thus closing the circle of democratic accountability. I look forward to listening to contributions and responding to issues raised during the debate. I commend the national policy statement on ports to the House.

6.30 pm

John Woodcock (Barrow and Furness) (Lab/Co-op): This motion is brought before the House on the day that the Chancellor has unveiled his national infrastructure plan on which the UK's economic recovery is supposed to rest. I have to say that those are grand hopes for a 150-page wish list with little coherence and even less sense of how it will be delivered. Although it is welcome that the House is getting the chance to debate the national policy statement on ports—an important innovation pioneered by the previous Government and made possible by the passage of the Planning Act 2008—it is time that Ministers faced up to the opportunities that are being missed because of failure to join up key decision making on transport infrastructure.

First, though, let me say what we support. We are pleased that national policy statements are going ahead and that Ministers have chosen to accept the Transport Committee's recommendation that debates on them should take place in Government time.

We have heard today, in the Chancellor's autumn statement, that Britain faces continued stagnation. Unfortunately, it will take more than a national policy statement on ports, no matter how finely crafted, to return our flatlining economy to health. However, although not sufficient, thriving ports are necessary to any recovery. Any successful route out of these doldrums will require an economic rebalancing that includes Britain's exporting more to the rest of the world.

With about 90% of world trade taking place by sea, we need more than ever to ensure that Britain has sufficient modern, efficient port capacity that is capable of handling the size of ships and containers that are coming to dominate global trade. That port capacity needs to be linked to a land-based transport network that provides reliable and efficient links for exported and imported goods. That means having fast and free-flowing road links to major ports and increasing capacity on key rail routes, not only in relation to train paths but to enhancing the loading gauge to allow larger containers to be carried. That is why the last Labour Government worked with Network Rail to allow containers of 9 feet 6 inches to be carried between Southampton and the midlands. Today's statement on rail freight interchanges is therefore welcome.

Our ports are essential to this island nation. They are part of our heritage and our future as a global trader. In 2010, the UK's ports handled 512 million tonnes of freight, making our ports sector the largest of any in Europe. Ports and directly related services account for about 58,000 jobs, widely distributed across the country. From Immingham to Southampton and from the Medway to Liverpool, ports are at the centre of local economies.

We support the principles behind the policy statement in that port expansion is essential economically but must be conducted in ways that benefit local economies, drive regeneration and are environmentally sensitive. That is because businesses seeking new markets will be looking to the new Administration to deliver on the significant expansions consented to by the previous Government: a two thirds increase in the handling capacity at Felixstowe, consented to in 2006; the London gateway port that the Minister mentioned, handling up to 3.5 million containers a year and consented to in 2007; a doubling of capacity at Liverpool, also consented to in 2007; and further major expansions given the green light at Bathside bay in Harwich, at Teesport, and at Bristol.

Although we agree with the underlying principles of the statement and will therefore support its approval, the way in which it has been presented exposes serious shortcomings in the Government's approach to planning transport infrastructure. I hope that the Government will reflect on that and make changes so that their already disjointed infrastructure planning does not deteriorate further.

The need to link ports with other infrastructure projects, particularly in road and rail, is obvious. However, the Minister has not given a satisfactory explanation of why he has ignored the recommendation of the Transport Committee to integrate the NPS on ports with the promised NPS on national networks.

Charlie Elphicke (Dover) (Con): The hon. Gentleman will correct me if I am wrong, but I believe that the Eddington report was published in 2006 or 2007. The previous Government did not get on with improving road infrastructure to the ports. I say gently that it is a bit rich for him to criticise this Government for not moving more quickly on that.

John Woodcock: Progress was made, but unquestionably more needs to be done. I think that it was incumbent on the incoming Government to respond positively to the recommendations made by the Transport Committee just before the last election. It is a matter of great regret that they have not done so.

The Government have chosen to abolish the Infrastructure Planning Commission, yet the entire statement is written on the basis that the IPC exists. I hope that the Minister will make it clear in winding up, if he has time, or in writing if necessary, whether the end date that he gave of April next year is a firm date or simply a target, and whether that change will require further consultation on the NPS.

The House is being asked to approve the NPS without reference to wider ports policy, most notably on ownership models, including mutualisation. As the Minister is well aware, that is of great interest to many Members and local communities, most notably around Dover and the trust ports. The lack of any guidance on ownership and changes of status in the NPS demonstrates why it is not a substitute for a proper ports policy. I hope that the Minister, whom it is an unexpected pleasure to see today, or the Under-Secretary of State for Transport, the hon. Member for Hemel Hempstead (Mike Penning), will commit to coming before the House with a comprehensive statement on ports policy, in which the NPS sits.

It is unfortunate that the statement gives such limited consideration to the economic and social impacts of port development proposals, particularly on local employment. After the fiasco of the Thameslink procurement process, Ministers claim to be alive to these issues, yet they seem to be little more than an afterthought in this document.

The Transport Committee recommended that the statement should include preference for port development to reduce inland road transport, yet that is missing from the statement. It contains no wider policy on how to achieve a reduction in the reliance on road freight. We hope that Ministers will consider revising the NPS to ensure that development decisions are taken in a way that specifically promotes and encourages a modal shift for onward transportation away from roads and on to rail and coastal shipping.

On climate change, there is little in the NPS on emissions. The Government need to make it clear whether they will accept the advice of the Committee on Climate Change to include the UK's share of shipping emissions in the 2050 target.

Finally, we support and welcome the growing demand from the offshore energy sector for additional port capacity, including in my constituency of Barrow and Furness. The Government need to take a more proactive role to ensure that the UK takes a larger slice of this booming market. That is referenced in the NPS, but there is little detail. Will the Minister say how the Government intend actively to promote the potential for ports in the offshore energy sector?

The statement shows some progress but, with the economy flagging, the Government need to raise their game on ports and infrastructure across the piece.

6.39 pm

Charlie Elphicke (Dover) (Con): The NPS is extraordinarily important. Representing Dover, I know just how important it is. Only today, the approval has been announced of a plan for the development of the western docks at Dover. It is a gold-plated plan on a rather larger scale than it needs to be, with a price tag of £400 million of investment, and the application has taken getting on for five years to go through the system—an awfully long time. Although the planned capacity will possibly not be needed until 2025 or 2030, owing to the economic difficulties that the country has faced in recent years, and although a gold-plated scheme certainly is not needed, it is an important step forward for the development of the port of Dover. It is much easier to amend an application once permission has been granted than to make a new one.

The fact that it has taken so long for the application finally to be approved underlines the need for a far swifter system of getting applications passed and sorted out. As the Transport Committee made clear in its report, there have been calls from business interests and others for major infrastructure projects to be handled properly, not with extensive public inquiries and long drawn-out decision-making processes but in a shorter and sharper way—something a bit less than the terminal 5 or Sizewell B inquiry nightmares. The NPS is therefore extraordinarily welcome.

My hon. Friend the Member for New Forest East (Dr Lewis) was right that the application at Dibden bay took a long time and got thrown out. It took four years, and I believe that it cost the applicant some £45 million, so that was dead money. That makes no sense whatever. The new, swifter method will be much better.

The shadow Minister, the hon. Member for Barrow and Furness (John Woodcock), rightly made the point that it is desirable to consider the wider aspects of the matter. My understanding is that the NPS is more focused on planning applications for ports than on whether development rights will be granted. I agree with him that, some years on from the Eddington report, which was produced back in 2006, not a lot has happened to the road infrastructure to ports. Although I picked him up for making a slightly partisan point about that, the fundamental point was accurate. We in Dover have been waiting for the upgrade of the A2, which is an important potential artery to the port. It was in the roads programme back in 1997, but was taken out and has not yet got back in. We have been waiting for that road to be dualled and upgraded for years, but it has not happened. We feel very strongly about that, and the Eddington report was fundamentally correct on the matter.

[Charlie Elphicke]

I turn to the NPS itself. The contents page reveals a massive focus on the environmental side of things. There are sections on, for instance, the environmental impact assessment, habitats and species regulations, pollution control, climate change control, biodiversity—so the list goes on. There is, one suspects, a greater concern about flood risks, coastal change and all the environmental things—including, I dare say, the lesser-spotted shellfish—than on socio-economic impacts, tourism and, above all, regeneration.

Jackie Doyle-Price (Thurrock) (Con): I totally agree with the point that my hon. Friend has just made, and I wish to highlight one example in my constituency. The port facilities have existed for more than 100 years, and they offer every opportunity for growth and more jobs. However, they sit close to sites of special scientific interest, which are impeding that development. The fact that those SSSIs have been sitting close to that port development for so long surely illustrates that nature is resilient enough to accept port expansion.

Charlie Elphicke: I thank my hon. Friend for that fundamentally good point.

We need to think harder about the people involved. We need to consider ownership models, as the shadow Minister said, but also regeneration, tourism, jobs and money. We need to think about strengthening and boosting our economy, and making the most of our ports, just as much as we think about the environmental side.

6.44 pm

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): The Select Committee on Transport published its report on the national policy statement on ports when the last Government were in office. We reported in March 2010—indeed, it was the first national policy statement to be reported on. The cross-party Transport Committee is not influenced by which party is in power. We reported at the time of the previous Government and we registered several serious concerns, and concluded that, unless proper consideration was given to our recommendations, the national policy statement was not fit for purpose. We therefore made a very clear statement then.

Considerable time has elapsed and several changes have been made. We are now looking at the revised national policy statement, so my comments will refer to some of our criticisms and also to some of the changes that have been made since we produced our report.

The key change since that time is the decision to abolish the Infrastructure Planning Commission. It was decided that, following consideration by the infrastructure planning unit and the Planning Inspectorate, the Secretary of State would make the decisions. It was also decided to abolish regional economic strategies and regional planning strategies. Some of our criticisms were of the planning process and the lack of clarity. The changes bring more clarity to the system whereby decisions are made. The background against which the planning statement is being assessed is therefore now rather different.

Time has resolved another major criticism that we made. We were extremely concerned that the policy statement was made before the Marine Management Organisation, which was to examine port development below the threshold for the infrastructure commission, had actually been set up. The Marine Management Organisation has now been set up and consulted, so that major criticism and concern has been addressed.

We expressed several concerns about environmental issues, and the Government's response states that our concerns have been considered in a different part of the statement—in the documents appended to it. We register the Government's response. We still have some concerns, but we accept that the Government have pointed out another way of addressing them.

We were very worried that the Government were not providing an update on ports' traffic forecasts, which are extremely important. There was some dissension about the forecasting of ports traffic that was proposed as a basis for the ports statement. The Government's response has not been to accept the precise form in which we wanted those forecasts to be updated, but it states that they will provide

"new forecasts in the near future".

In a spirit of reasonableness, we accept that that concern has been addressed. We will wait and see how those new forecasts are provided.

Those major concerns have therefore been addressed, at least in part. The changes go some way towards dealing with some of the major concerns that we, as a Committee in the previous Parliament, had when we stated that we did not think that the statement was fit for purpose.

It is very important that the ports policy statement is correct. As hon. Members have pointed out this evening, ports are extremely important: 90% of the UK's trade by tonnage and 512 million tonnes of freight go through our ports, and ports traffic contributes £17.9 billion to GDP, taken together with the employment that it generates. Indeed, the direct employment is at least 132,000 jobs, with many more indirect jobs. The ports sector is extremely important and that is why having the correct ports policy matters.

I want to deal with some concerns to which we have not received a satisfactory response. I think it is important to register them. One is the absence of a definitive ports policy, other than to say that the Government's policy on ports is market-led. The Committee in the last Parliament felt that that was not good enough, because ports are such an important part of a thriving economy. Little progress has been made since in defining a ports policy. In fact, the ports policy such as it is was defined in an interim policy set out in 2007, and the Government have now said that that interim policy, together with additional statements that have been made, is their definitive ports policy. I suppose that we could look at it that way, but it does not meet in full the point of concern that the Committee has raised, and I hope that we can see further progress on that.

The Committee also raised the concern that the policy statement on ports seemed to concentrate almost wholly on container traffic. While that is the basis of the ports' trade, we are concerned that other developments, such as offshore wind, were not considered properly. I am still unclear where such additional developments feature in the Government's statement.

I reiterate the concern that the Committee raised about the absence of national policy statements on national networks at the time that the ports policy

statement was put forward. I accept that some progress is being made. We are now being told that the national network statements will be laid in January. That is progress, but it would have been better if it had been done before we approve the ports policy statement. At least we have had some assurances that those statements are coming.

It is important that we know the Government's plans for other transport networks apart from ports, partly because of the economic importance of ports, but also because their impact on the economy, including the regional economies, is affected a great deal by how goods are transported to and from those ports. It is therefore necessary to look at road, rail and inland networks, and at the issue of multi-modal transport, and how that can be encouraged. It is important that we know how that will be addressed, and I hope that the Minister can give us some more information on that basis.

We heard evidence during our inquiry from the northern ports that they felt that southern ports were very much at an advantage because of the extensive public investment in road and rail networks around them. The Committee in the previous Parliament felt that that was a very important issue, and this Parliament's Committee is of the same view. I noted the comments made by my right hon. Friend the Member for Southampton, Itchen (Mr Denham) this evening about the application from Liverpool for a turnaround cruise facility at the port. The application has been made because the possibility of such a facility, and the return of the cruise ships to Liverpool, is so very important to the regeneration of the city. I hope that when a decision is made on this issue—and there has had to be a consultation, as is proper—a reasoned approach will be taken, and recognition given to the fact that Southampton currently has 65% of the market for the turnaround facility, while Liverpool has only 5%.

Dr Julian Lewis: The hon. Lady of course has a constituency interest in this matter, and I represent a constituency close to Southampton. Does she appreciate that what is really worrying is that Liverpool received a great deal of both European and public money in order to build its port of call facility, and it gave undertakings that it would not use that facility as a turnaround point to start and end cruises? It now appears that it never had any intention of sticking to those undertakings, so if it were—bizarrely—to achieve retrospective permission to do what it promised not to do, surely it should have to pay back all the money and not just a quarter of it over a very long period, as is proposed.

Mrs Ellman: As a constituency MP I recognise the supreme importance of the turnaround facility to Liverpool. However, I also recognise that a reasoned judgment has to be made on the proper way in which to go ahead. The statements that the hon. Gentleman made about Liverpool's intentions are not accurate, but this is not the place in which to pursue the detail of that. I hope that a reasonable decision is made. Liverpool City council has made an offer to deal with the very point that the hon. Gentleman has made, but that is for somebody else in another place to address. I simply ask for reason to be applied to resolve the issue.

Charlie Elphicke: I do not want to intrude on the private grief between Southampton and Liverpool. I represent Dover, which has a little less cruise business. It is also further away and can take a more dispassionate position. Does the hon. Lady not recognise that there is something of a state aid issue here and that that needs to be handled with extreme care?

Mrs Ellman: The state aid issue is a matter that will have to be dealt with by the appropriate authorities. After discussing it with all the relevant parties, I hope that a reasoned judgment can be made.

Earlier today, when the Chancellor delivered his autumn statement, he referred to the regional economic significance of ports and made reference to the support that he intended to give to developments in the Mersey and the Manchester ship canal in relation to Peel Holdings. It is because ports have such an important economic effect on a region that the issues that I raise are so significant and I hope that the Government are able to consider them.

In light of the time that has elapsed since the report was compiled by the Committee under the previous Government and the changes and statements that have been made, I believe that the port statement should not be opposed. None the less, I want to hear from the Minister about how he will address some of the outstanding issues that I have raised tonight.

6.56 pm

Dr Julian Huppert (Cambridge) (LD): It is a pleasure to speak in this debate. We have heard from speakers in whose constituencies are some of the great ports, such as Newhaven, Barrow-in-Furness, Dover and Liverpool. The port of Cambridge, however, is less active than it used to be. It was one of the country's significant ports, dealing mainly with the Dutch trade, until the Fens were drained. If we do not get our climate change policy right, Cambridge may once again become an important port.

I will try to be brief as there is little time left. I will not highlight why ports are so important to this country; I assume that that is obvious. Although the ports are very important for leisure and tourism, there are other factors involved. Goods that come into that port then have to move on. Currently far too much freight is moved by road, and road congestion is very damaging. In 2006, Transport for London estimated that road congestion in and around London cost £1.6 billion a year, and that figure will go up. More locally for me, the A14 in my constituency is used by a large number of heavy goods vehicles, which are largely travelling from the very successful port in Felixstowe. Those vehicles cause a large number of accidents and most of the congestion, which is why I welcome the £20 million that will be spent on trying to alleviate the problem and ensure that we do not have those accidents.

The key solution is to do more with rail freight and I should like to hear what the Government are planning to do in that regard. Rail freight over the past decade has grown by two thirds and saved 2 million tonnes of pollutants and 31.5 million lorry journeys. There is still more to do. The Felixstowe east-west rail freight link could be boosted. There is some work happening now, but more needs to be done.

I also wish to highlight the role that canal freight plays. Canals are much more efficient in terms of CO_2

[Dr Julian Huppert]

than roads. Tesco has been using barges since 2007. In addition to rail freight or canal freight, will the Minister also consider the idea of inland ports so that we can minimise the amount of road travel? That is one of the key aspects that I should like to hear more about in his statement.

6.58 pm

Dr Julian Lewis (New Forest East) (Con): I understand that, for reasons that are slightly beyond my ken, people seem to be very anxious to finish at 7 o'clock this evening rather than at the normal time of 10 o'clock. I suppose that that is something to do with the fact that we are beginning to sit rather earlier.

The issue of Dibden bay, which I referred to in an intervention, is the single most important constituency issue in New Forest East in the 14 years that I have represented it. As my hon. Friend the Member for Dover (Charlie Elphicke) said, it was a long time before the considerations on whether a giant container port should be built at Dibden bay produced decisive outcomes. We had a year-long public inquiry, as I said in an intervention, but we also had, as he said, several years leading up to that public inquiry. If the new procedure, first through the Infrastructure Planning Commission put forward by the previous Government and then under the replacement arrangements proposed by this Government, allowed for public consultation—

7 pm

The debate stood adjourned (Standing Order No. 9(3)).

Ordered, That the debate be resumed tomorrow.

Business without Debate

HOUSE OF COMMONS MEMBERS' FUND

Motion made, and Question put forthwith (Order of 8 November and Standing Order No. 118(6)),

That pursuant to section 4(4) of the House of Commons Members' Fund Act 1948 and section 1(4) of the House of Commons Members' Fund Act 1957, in the year commencing 1 October 2011 there be appropriated for the purposes of section 4 of the House of Commons Members' Fund Act 1948:

(1) The whole of the sums deducted or set aside in that year under section 1(3) of the House of Commons Members' Fund Act 1939 from the salaries of Members of the House of Commons; and

(2) The whole of the Treasury contribution paid to the Fund.—*(Mr Peter Lilley.)*

Question agreed to

Empty Homes

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Newmark.)*

7 pm

Jason McCartney (Colne Valley) (Con): It is an honour to have secured this Adjournment debate on empty homes. It is an issue that I and many Members on both sides of the Chamber have raised in recent weeks and months. Indeed, only last week, three Members asked about empty homes during the ministerial statement on housing.

I shall digress for one second. This debate may be my last in the House with my Movember moustache, which is coming off on 1 December. Like many Movember men across the country, I have sprouted some hair on my top lip—you can just see it, Mr Deputy Speaker—to raise awareness of the Prostate Cancer Charity and men's health issues. All Members would agree that with the tragic events over the weekend we need to be more open about men's health, particularly issues such as depression.

I became involved in the issue of empty homes because of my deep concern about overdevelopment in my Colne Valley constituency in west Yorkshire. It is home to the lovely towns of Slaithwaite, Marsden, Holmfirth, Honley, the Huddersfield suburbs of Lindley and Birchencliffe and many more beautiful areas. I was concerned that our beautiful Pennine countryside was set to be dug up for new identikit homes.

The idea of green fields being developed is bad enough, but it defies all logic to be doing it while thousands of existing empty properties are being left to rot. In fact, my local council, Kirklees, has just voted for a local development framework that will impose 22,470 new homes in the district over the next 15 years, with some going on green belt. I say, bring Britain's empty homes back into use first.

There is a groundswell of support for the empty homes campaign. I have to admit that I am a big fan of Channel 4 shows such as "Grand Designs" and "Restoration Man". The presenter of the latter show, George Clarke, will be telling the nation about the scandal of Britain's empty homes in a forthcoming series on Channel 4 next Monday and Tuesday evening—that is the plug out of the way.

The Government have responded really well to this problem, with targeted initiatives and cash to back it up. The inspirational—I do not use that term loosely, as he is a master of his brief and has seen off eight Opposition Housing Ministers—Minister for Housing and Local Government has spoken with me at great length on the issue, as has the Minister here this evening, who I know will give more details of Government help later.

What is an empty home? Homes are left empty for a number of reasons—for example, when they are between tenants, being refurbished, in probate or when the owner is in care or hospital. For the purposes of this campaign and this debate, however, we are primarily talking about long-term empty homes. These are properties that are stuck empty, and I believe that getting those houses back into use could be a quick and relatively inexpensive way of providing more housing.

How many empty homes are there? Across the UK as a whole, there are close to 1 million empty homes and approximately 350,000 long-term empty homes—this at a time when 2 million families are on housing waiting lists. Those figures are based on statistics from the Governments in England, Scotland, Northern Ireland and Wales, plus advice from the Empty Homes Agency about the number of empty properties across the UK that are not currently accounted for in official figures.

In my patch, we have been trying to get accurate figures from Kirklees council—I need to put the record straight on this. Following the original freedom of information request on the issue, we were told that there were 6,864 short-term empty properties—properties with a council tax exemption—and 3,463 long-term empty homes, or properties no longer exempt from council tax. By adding 1,000-plus second homes or holiday homes, the total comes to over 11,000. Obviously not all those homes are available for bringing back into use, and nobody has ever suggested that.

Kirklees council has now revised the figures, giving me—and everybody else who has been asking—another figure on long-term empty homes. However, whether it is 11,000, 7,000 or 3,463, it is one too many when people are waiting for homes and when the developers are eyeing up our greenfield sites. The Government have stepped up to the challenge, making £150 million available in the housing strategy, which will be delivered quickly. I hope that my hon. Friend the Minister will have more details on the scheme, which he and his colleagues have been working on.

Graham Jones (Hyndburn) (Lab): I congratulate the hon. Gentleman on securing this debate about such an important issue, which is crucial to my constituency, where there are some 2,600 to 2,700 empty properties. Would he be shocked, as I was, to discover that local authorities cannot bid for the empty homes fund?

Jason McCartney: I thank the hon. Gentleman for making that contribution. Those are some of the issues that I hope the Minister will say something about later. Councils, community groups and all sorts of community people need opportunities to tap into those funds, and those are some of the points that I will be making later.

I acknowledge that, through the new homes bonus, 16,000 empty homes have been brought back into proper use in just one year. That shows what can be done. However, the Housing Minister has admitted that it is a scandal that 700,000 or 750,000 properties are empty when so many people are in desperate housing need. The Government announced last week that they were adding another £50 million to the existing £100 million fund for empty homes, making a total of £150 million.

Let me set out some of the benefits of bringing empty homes back into use. The refurbishment and reoccupation of those homes could clearly contribute significantly to meeting England's housing needs. The reuse of empty homes can also help to protect the beauty and openness of England's natural landscapes for future generations, by negating the need for development on greenfield sites, which is important in my area of west Yorkshire. The renewal of existing communities can take advantage of existing infrastructure such as transport links and schools. Refurbishment constitutes a much more efficient use of construction materials than new build, and the reinvigoration of existing communities can add to the local economy.

Martin Vickers (Cleethorpes) (Con): As always, my hon. Friend is making a strong and persuasive case on behalf of his constituents. Does he agree that, as well as there being many empty homes, changing shopping patterns have resulted in many empty shops? Many are substantial buildings that could be refurbished at a reasonable cost and brought back into use as homes.

Jason McCartney: My hon. Friend makes a really good point. Empty shops are an issue in my part of the world, as they are in his. Indeed, there are concerns that there are slightly too many charity shops, for example. I have also been thinking about how the flats and apartments above shops could be brought back into use. That would mean families and young couples living in our town centres, which would not become no-go zones in the evening. That would help, so I thank him for making that valuable point.

Jim Shannon (Strangford) (DUP): Is the hon. Gentleman aware of Northern Ireland's "Living over the shop" scheme? We have used it over the past couple of years to provide accommodation above shops, enabling young people to live in town centres, so perhaps there should be discussions with the Northern Ireland Assembly, in order to enlighten the Minister about the possibilities.

Jason McCartney: I thank the hon. Gentleman for that useful intervention. I hope that the Minister will take it on board. I am willing to learn best practice from all over the United Kingdom. The scheme described by the hon. Gentleman sounds exciting, and if it has worked in Northern Ireland, I hope that we too can take advantage of it.

I am particularly excited about the opportunities to reinvigorate certain trades and specialisms using local materials. Good-quality insulation and other energy-efficient measures should also be key to the renewal of empty homes. There are plenty of plus points. In my area, I should like educational establishments such as Kirklees college to become involved. Perhaps students could use empty homes for hands-on projects. I note that Kirklees college runs a course called "Construction and building crafts". What better way for students to employ their skills than to return homes to use so that families can live in them?

As I have said, the Government have already acted. The reoccupation of empty homes has been included in the scope of the new homes bonus, and 16,000 homes have been returned to use. However, I should like councils to be given more incentives to bring about reoccupation of empty homes. I should also like to see the use of brownfield sites. That really would be a sustainable housing policy.

I am pleased that communities and local voluntary organisations will be able to tap into the funding so that it does not go only to councils, but I should like to hear more about the Government's plans to allow councils, if they wish, to introduce an empty homes council tax premium on homes that have been empty for more than two years. That could serve as an incentive to the returning of homes to productive use.

Graham Jones: I am very interested in what the hon. Gentleman is saying, but might not the premium actually prove to be a disincentive? Some people might go off the radar, their properties might be registered as occupied, and they might therefore pay a 100% rather than a 125% rate of council tax.

Jason McCartney: The hon. Gentleman has made a good point. Councils might wish to consider introducing such schemes themselves, given that they have the local knowledge. Perhaps they should introduce it on a trial basis. It might work better in some areas than in others. I am pleased that the Government are considering different options, and that they are happy to devolve power to councils so that the various needs of communities can be dealt with on a more local basis.

Some key changes need to be made to the draft national policy planning framework. Instead of the presumption clause in favour of sustainable development, let us consider a presumption clause in favour of returning empty homes to use and ensuring that brownfield land is developed before greenfield land.

Given that commercial banks rarely lend money on empty homes, the Minister might wish to consider a sustainable low-cost loan fund. It could be kick-started with cash from the empty homes fund and managed by a commercial bank in partnership with an appropriate body such as the Empty Homes Agency. The loan fund would help private empty home owners who needed money to return their properties to use. They could borrow modest sums from the fund, and repay the loans from subsequent rental income set at affordable levels. Would-be buyers on low incomes could also purchase empty homes cheaply and return them to use with the help of modest loans from the fund. Cash for the fund could also come from the proposed empty homes premium, which could impose a 150% council tax rate on properties that had been empty for over two years. I should like the Minister and his team to consider all those ideas, and then report to the House on their conclusions.

Let me suggest a right to help local people to rescue abandoned properties. Will the Minister consider an amendment to current legislation on the community right to reclaim land? Should local people be able to use a new "community right to reclaim abandoned property" clause, which would enable them to apply to a tribunal to bring long-term abandoned properties in their areas back into use?

Therefore, lots of action has already been taken. I hope that I have given lots of ideas for more, and I shall now sum up to allow colleagues to make a brief contribution. Let us put renewal and regeneration ahead of greenfield development. Let us use existing buildings and infrastructure as efficiently as possible, with the economic, environmental and social benefits for all. Let us finally get Britain's empty homes back into use.

7.15 pm

Sarah Newton (Truro and Falmouth) (Con): I congratulate my hon. Friend the Member for Colne Valley (Jason McCartney) on making a powerful speech containing lots of good ideas. The situation that he described in his constituency is identical to the one faced in mine. I welcome the measures in the Localism Bill providing for neighbourhood planning, and I am chairing the steering group of the Truro and Kenwyn parish neighbourhood plan. We face the same challenges that he portrayed so well. Through the development of our neighbourhood plan, we have identified a great number of empty properties in our villages and the city centre of Truro, as well as other buildings that we believe can commercially and viably be brought back into use to create much-needed homes for local people. However, in constructing our plan, we are aware that it will have to be inspected by the inspectorate, and the types of properties that my hon. Friend described being brought back into use will be considered by the inspectors as "windfall" properties and therefore cannot be counted as contributing towards the housing targets that we are developing to meet local need.

I would very much like the Minister to consider that point, and when the Government are considering the national policy planning framework I would like them to examine the fact that these windfall properties need to be judged on their merits. I hope that if a good neighbourhood plan—such as, I am sure, ours will be when it is introduced—can demonstrate viable sites for bringing empty buildings back into use, they will not be deemed to be "windfall" properties but can be taken into consideration for our housing targets.

7.17 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): I thank my hon. Friend the Member for Colne Valley (Jason McCartney) for bringing to the House's attention this important subject, which is very close to my heart, as I know it is to his. I was delighted that this move to bring empty homes back into use was written into the coalition agreement between our two parties and that we have now had the opportunity to put some real cash into the programme to deal with it. I also congratulate him on his moustache and wish him well with his fundraising.

Like my hon. Friend, I have been in contact with George Clarke and Channel 4, and I am happy to add a second endorsement of the programme on empty homes that they are developing. He, I and they are appalled at the scandal that 250,000 properties are empty when millions of people are on waiting lists, anxiously looking for homes and unable to find them. As well as being eyesores and easily falling into disrepair, empty homes are often an expensive menace to communities and public services, attracting antisocial behaviour, squatting and vandalism.

The Government know very well that we need to build more homes, more quickly, and the housing strategy statement made in the House by my right hon. Friend the Minister for Housing and Local Government last Monday shows real earnest intent. At the same time, we have to make better use of our existing homes, as that is better for communities, for the environment and for the families who have the new home to live in. We have been working on ways to bring empty homes back into use, and tackling those homes is one of the key pledges that we made in the housing strategy.

My hon. Friend appeared to have some difficulty in understanding the situation in his constituency. The figures available to the Department refer to the whole local authority area of Kirklees. He might be interested

to know that in the six years from 2004 to 2010, the number of empty homes reported to the Department went up from 6,200 to 7,300, so there were extra empty homes at a time when housing demand was rising. However, the good news for him is that Kirklees council will receive £7.6 million under the new homes bonus over the next six years because it has succeeded in bringing 307 homes back into productive occupation.

The Government have taken a number of important steps, including the new homes bonus, in response to the empty homes problem. Back in September, I announced that we were allocating a £100 million budget so that housing associations, councils and community and voluntary groups could apply to bring empty homes back into use as affordable housing. I was astonished by the intervention of the hon. Member for Hyndburn (Graham Jones), who said that councils are not eligible to apply for that money. That absolutely is not the case.

Graham Jones: That information was provided to me by a cabinet member of our local council, which had looked through the consultation. I was advised that it was not entitled to bid under the proposals. If I am wrong, I will stand corrected.

Andrew Stunell: Then the hon. Gentleman stands corrected.

We recognise that there is a wide range of possible approaches to tackling empty homes and that different approaches are needed in different circumstances. Sometimes the right vehicle for doing that will be the council, but sometimes it will be other registered housing providers, housing associations or local community groups. The bidding guidance was published on 21 November and registered providers of social housing have until 23 January 2012 to submit applications. I earnestly suggest to the hon. Gentleman that he should revisit his sources, because it would be tragic if Sefton lost out because of a misreading of the paperwork.

Graham Jones: Will the Minister give way?

Andrew Stunell: No, I think not.

Alongside the publication of the guidance on the bidding system for the £100 million, we have also allocated almost £3 million of empty homes funding for this financial year to organisations that are ready and able to deliver now, so that work can begin straight away. As a result of that spending, 200 properties will be brought back into use.

We are also setting up a national intermediary in the next few weeks to administer the community element of the funding. There are legal reasons why it is not possible for that to be directed through the Homes and Communities Agency. It will allow smaller not-for-profit community and voluntary organisations to access some of the £100 million and will allow community groups to stimulate new and innovative ways of tackling empty homes. I have seen plenty of those already, so I know that there are organisations ready to go. My hon. Friend mentioned the possibility of a rolling loan fund. There are some complexities with that which do not appear immediately, but some of the models through that community route might well exploit that opportunity.

Funding will be allocated on a demand-led basis. To put it another way, we are not going to stuff people's mouths or stuff organisations with money. We want the money to go to real schemes that will really deliver results. Let me add in parenthesis that the outgoing Government were great at allocating budgets to projects that could never be delivered, but we do not want to go down that route. Let us make it so that every pound counts towards bringing an empty home back into use.

On top of the £100 million with the launch of the housing strategy last week, my right hon. Friend the Minister for Housing and Local Government was able to announce an additional £50 million of funding to tackle some of the worst concentrations of empty homes. Although I do not know the detailed circumstances of my hon. Friend's constituency, I could well believe that some of the higher concentrations would be found in Kirklees and the measure might therefore apply to Colne Valley. I am sure he will want to explore that. A more intensive approach will be required than simply dealing with a home here and there, and it will involve refurbishing and reconfiguring homes, as well as improving housing in the public realm and tackling wider issues in the local area.

The funding details of that £50 million are being finalised and further details will be announced shortly, but there will be some differences between that fund and the £100 million fund. The £50 million fund will tackle concentrations of empty homes, and it will not be appropriate for all homes to be brought back into use as affordable housing, which is the clear intention of the £100 million fund.

My hon. Friend rightly praised the Government's initiative of the idea of introducing a council tax premium, which is being consulted on. I hope that local authorities and others who are interested will respond positively to that proposal. He made a good point about the premium needing to be tailored to local circumstances. Councils will have local discretion to introduce a council tax premium on homes in their areas that have been empty for more than two years, to provide a stronger incentive for empty-home owners to bring them back into use. Of course, that could still be coupled with a discount or a free period at the onset of the home being empty. It will be important for local councils to configure their profile of charging accordingly.

I have already commented on the new homes bonus. In the first year of such funding being given to councils, £19 million can be attributed to empty homes coming back into use. As I have said, there are 307 such homes in Kirklees, which has got further to go than nearby Bradford, which brought 1,500 homes back into use with an equivalent budget coming back to the council. Again, my hon. Friend might want to speak politely—challenge, possibly—his council and ask, "What's wrong with Kirklees compared with Bradford? Let's get those empty homes back into use."

Jason McCartney: I will ask that question.

Andrew Stunell: It was a rhetorical question; I have no intention of responding to it.

In addition to those measures and separately, my right hon. Friend has announced housing market renewal transition funding of £71 million to help families trapped in half-empty and abandoned streets as a consequence

[Andrew Stunell]

of Labour's controversial regeneration scheme introduced in 2002 that far too often managed decline, rather than fulfilling its task of regeneration.

Following the spending review announcement, separate housing market renewal funding ended this year, but £35.5 million is being allocated to develop a transitional scheme intended to help those people. That will be a match-funding scheme, generating about £71 million overall, as I said, to resolve the worst problems in the five most challenged areas: Merseyside, east Lancashire, north Staffordshire, Hull and Teesside.

My hon. Friend the Member for Cleethorpes (Martin Vickers) spoke about the conversion of shops into houses. Certainly, the Government are very much aware of those opportunities, and we are consulting on some changes of planning use classes that might make conversion to housing a simpler proposition in future.

It only remains for me to comment on the right to rescue that my hon. Friend the Member for Colne Valley suggested might be useful. It will be difficult to combine that with the action that we are taking to prevent squatting, on which I am sure he is equally keen to see action.

Empty homes are a vital resource for the housing market. We need to get more of them back into use sooner, and I look forward to working with hon. Members and friends all around the House in doing so in the next few years.

Question put and agreed to.

7.30 pm

House adjourned.

House of Commons

Wednesday 30 November 2011

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Historical Enquiries Team

1. **Michael Ellis** (Northampton North) (Con): What progress has been made by the Historical Enquiries Team; and if he will make a statement. [82804]

The Secretary of State for Northern Ireland (Mr Owen Paterson): Following the devolution of policing and justice in April 2010, matters relating to the Historical Enquiries Team are the responsibility of the devolved Administration in Northern Ireland and the Minister of Justice.

Michael Ellis: I much appreciate the Minister's response and the content of it. I welcome the progress made by the Historical Enquiries Team. May I be reassured that its case work will be completed by 2014?

Mr Paterson: I am grateful for my hon. Friend's question. I spoke to the Chief Constable this morning, who confirmed that the team is investigating 3,268 deaths and that it is on target to finish as planned.

Jim Shannon (Strangford) (DUP): The HET investigated the murder of my cousin, Kenneth Smyth, on 10 December 1971—those on the street knew who committed the murder—and Lexie Cummings was murdered on 15 June 1982. HET investigations into both cases concluded that no action should be taken. The concern is that the investigations might not have been thorough, so does the Secretary of State accept that confidence needs to be instilled in the Unionist community and that the HET therefore has considerable work to do?

Mr Paterson: I am grateful for that question. I do not entirely agree. The HET is impartial, and the latest polling commissioned on the reaction of the families is extraordinarily high: 90.5% said they were very satisfied or satisfied with the performance of the HET.

Sajid Javid (Bromsgrove) (Con): The former Northern Ireland Secretary, the right hon. Member for Neath (Mr Hain), rightly set up the Historical Enquiries Team, but disturbing allegations were made yesterday that his computer might have been hacked. Does my right hon. Friend share those concerns, and will he assure the House that the Northern Ireland Office—

Mr Speaker: Order. The difficulty with that question, notwithstanding its notable ingenuity, is that it does not relate to the work of the Historical Enquiries Team, so we had better leave it there.

Paul Goggins (Wythenshawe and Sale East) (Lab): Historical inquiries into police officers are conducted by the Police Ombudsman for Northern Ireland. Given that that is a Crown appointment, what recent discussions has the Secretary of State held with the Minister of Justice, David Ford, on the appointment of a successor to the current ombudsman, Al Hutchinson, who has made it clear that he intends to leave his post at the end of January?

Mr Paterson: The appointment of the Police Ombudsman for Northern Ireland is a devolved matter. I spoke to the Minister of Justice, David Ford, this morning, and we agreed to meet shortly to discuss Al Hutchinson's replacement.

Mr Mark Spencer (Sherwood) (Con): Does the Secretary of State agree that it is not for Westminster to set the agenda but that the people of Northern Ireland should decide how and when they look back, and what they look at?

Mr Paterson: Yes, my hon. Friend makes a good point. The Government and Westminster do not own the past. Contentious, difficult and fraught issues must be handled with the consensus of local people in Northern Ireland.

Mark Durkan (Foyle) (SDLP): Notwithstanding some of the limitations and differentials that attach to the task of the HET, it has done much good work. In the context of dealing with the past more widely, does the Secretary of State believe that more could be done to draw out the issues, patterns and lessons that can be learned from the HET's work, which at present has gone only to the families and not to the wider public?

Mr Paterson: The hon. Gentleman makes a good point. The HET is building up an extraordinary archive of knowledge. As he knows, I am interested in opening up Government archives so that they may be assessed by professionals. Down the road, this might be a matter that is well worth discussing with the devolved Executive to see whether the HET can form the basis of an archive for historians.

Economic Development

2. **Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): What discussions he has had with Ministers in the Northern Ireland Executive on economic development. [82806]

The Secretary of State for Northern Ireland (Mr Owen Paterson): I meet regularly with the First Minister and Deputy First Minister to discuss matters including the Northern Ireland economy, and the Minister of State

met last week with the Minister of Enterprise, Trade and Investment to consider a range of issues related to economic development.

Eric Ollerenshaw: Does my right hon. Friend agree that improved transport links between Northern Ireland and the mainland will be vital for economic development, and that the completion of the M6-Heysham port motorway link will be vital?

Mr Paterson: I admire the skill of that question, and I congratulate my hon. Friend on working for his constituents. I am glad to say that there is a sailing twice daily to Northern Ireland, and I hope the new link will boost trade between Northern Ireland and his constituents.

Ms Margaret Ritchie (South Down) (SDLP): Given the nature of our local economy, does the Secretary of State agree that the economic development of Northern Ireland will depend on stable industrial relations? Does he further agree that the Government must do more to deal with the genuine concerns of public sector workers with their pensions under siege, while those who have caused the economic crisis, particularly bankers, are getting away scot-free?

Mr Paterson: I thank the hon. Lady for that question. I do not entirely agree with her. The strikes today are most regrettable. They will not help a single business in Northern Ireland. They will not bring a single job to Northern Ireland. The Government are in talks with the unions and a very fair offer has been made, considering that the cost of public pensions increased by a third over the past 10 years to £32 billion. We are all in this together, and the unions should work with the Government.

Harriett Baldwin (West Worcestershire) (Con): In those discussions with Northern Ireland Ministers about economic development, has my right hon. Friend heard appreciation for the fact that the UK has remained outside the euro and has retained its triple A rating?

Mr Paterson: My hon. Friend is spot on. We came to power with interest rates higher than Italy's. Thanks to the very disciplined and determined manner in which the coalition has addressed the deficit, we now have interest rates level-pegging with Germany's. That is of benefit to every single person in Northern Ireland.

David Simpson (Upper Bann) (DUP): The Secretary of State will be aware of the pay-as-you-go heating oil tank developed by Kingspan Environmental in my constituency. Could the Secretary of State give us an update on the development of the enterprise zone that he piloted and tell us what benefits that will bring companies such as Kingspan in my area?

Mr Paterson: I am extremely interested in that project. In opposition, I talked about turning the whole of Northern Ireland into an enterprise zone. That resulted in the consultation earlier this year looking at ways in which we could help develop the private economy. Quite separately, my right hon. Friend the Chancellor has proposed enterprise zones throughout the UK. Establishing those enterprise zones is entirely in devolved hands and I very much hope the Executive will take up the offer made in the Budget a few months ago.

Economy

3. **Karen Lumley** (Redditch) (Con): What assessment he has made of the state of the economy in Northern Ireland. [82807]

The Secretary of State for Northern Ireland (Mr Owen Paterson): The Northern Ireland economy is over-dependent on public spending. The Government share a commitment with the Northern Ireland Executive to rebalance it over time by promoting investment and growing the private sector. There are many world-class Northern Ireland businesses. We need more of them.

Karen Lumley: Will the Minister confirm that last week the annual survey of hours and earnings showed that Northern Ireland earnings increased by 3.5%, compared with less than 1% on the mainland? Does he agree that rebalancing the economy and the creation of private sector jobs is the key to Northern Ireland's recovery?

Mr Paterson: I entirely agree with my hon. Friend. One survey showed that public spending represents 77.6% of GDP in Northern Ireland. We know that that is wholly unsustainable, and we are committed to rebalancing the economy over time, working closely with the Executive.

Sammy Wilson (East Antrim) (DUP): One of the ways of rebalancing the economy towards the private sector is to ensure that there is a flow of funds from the banking sector to private firms. What steps will the Government take to ensure that the credit easing measures announced yesterday will apply effectively in Northern Ireland, given the lack of market penetration by UK mainland banks and the high dependence on Irish banks?

Mr Paterson: I am grateful for the opportunity to clarify that the national loan guarantee scheme, which the Chancellor announced yesterday, applies to Northern Ireland. That will be of great benefit to small businesses right across Northern Ireland.

Richard Graham (Gloucester) (Con): I understand that the average private sector wage in Northern Ireland is £20,000 a year, compared with the average public sector wage of £29,000. What impact does my right hon. Friend believe that yesterday's announcement from the Chancellor about the ability to set public sector wages locally will have on Northern Ireland?

Mr Paterson: My hon. Friend is right. There was a survey which showed a 41.5% difference between a public sector wage and a private sector wage. It shows the task we have in helping to revive the private sector and making it an attractive place for bright, enterprising young people in Northern Ireland to go into. That is very much what we would like to do.

Dr Alasdair McDonnell (Belfast South) (SDLP): Does the Secretary of State accept that the proposed changes to public sector pension contributions will have an even more severe impact in Northern Ireland because of the shape and balance of our economy?

Mr Paterson: First, I congratulate the hon. Member on having won the election for the leadership of his party. I look forward to working with him, as the leader, as I worked with him while in opposition, and in recent months since I have been Secretary of State.

I do not entirely agree with the hon. Gentleman's question. This is basically a good news story. People are living 10 years longer, and that has put huge pressure on the cost of pensions, which is up to £32 billion across the United Kingdom—an increase of a third over 10 years. Lord Hutton, who used to sit on the Government Benches here, came up with a sensible report, and I appeal to all those in Northern Ireland who are in trade unions to continue discussions with the Government because our offer is extremely fair.

Mr Speaker: We have a lot of questions to get through and we must get on.

Mr Philip Hollobone (Kettering) (Con): Given the importance of the Republic of Ireland to the Northern Irish economy, and the likelihood of a break-up of the eurozone, what discussions has my right hon. Friend had with the Chancellor of the Exchequer and the Northern Ireland Executive about how the Northern Ireland economy could best cope with such a crisis?

Mr Paterson: I thank my hon. Friend. As he knows, the Chancellor and the Treasury are looking at all contingencies, because reports yesterday showed that the crisis in the eurozone is having a real impact on our economy. I am in regular contact with the Government in Dublin and will continue discussions.

Vernon Coaker (Gedling) (Lab): When thousands of public sector workers in Northern Ireland are worried about their pensions, with cuts to public services, and when growth figures have been so significantly downgraded, does the Secretary of State remember that, when commenting on the Budget of March 2011, he said:

"This is a Budget for growth across the whole UK in which Northern Ireland will share"?

Where did it all go wrong?

Mr Paterson: I am grateful to the hon. Gentleman for his question. He knows perfectly well where it went wrong. It went wrong when his colleagues landed us with the biggest deficit in Europe, and we are digging this country out.

Vernon Coaker: There we go—the complacent answer of someone who has no answers at all.

What little faith the Secretary of State has in the ability of the people of Northern Ireland to do their sums. I may not have taught maths, but even I know that if you take away £4 billion and return £142 million, it definitely does not add up to a fair deal for Northern Ireland. Is it not time that this Secretary of State stood up for Northern Ireland and told the Chancellor to get a proper plan for jobs and growth?

Mr Paterson: What we have done for Northern Ireland, as one of my colleagues said earlier, is keep interest rates low. That is the biggest service we could deliver to Northern Ireland, and thanks to the disciplined and determined manner in which we are addressing the deficit, we now have the lowest interest rates in western Europe. That benefits every family with a mortgage, and every business with an overdraft, in Northern Ireland.

Bill of Rights

4. **Graeme Morrice** (Livingston) (Lab): What his policy is on a Bill of Rights for Northern Ireland; and if he will make a statement. [82808]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): Our policy is that any legislation arising from the work of the Commission examining the case for a UK Bill of Rights would provide a vehicle through which to implement any rights specific to Northern Ireland if these can be agreed by the political parties there.

Graeme Morrice: What discussion has the Minister had with the Secretary of State for Justice on the impact that a UK Bill of Rights will have on a Northern Ireland Bill of Rights?

Mr Swire: We have regular discussions. We need to be absolutely clear that any discussion about a UK-wide Bill of Rights is distinct from a discussion about rights specific to Northern Ireland. We believe that the proper vehicle for rights specific to Northern Ireland would be a new UK Bill of Rights, if there is to be one.

Mr Laurence Robertson (Tewkesbury) (Con): The Good Friday agreement certainly calls for a Bill of Rights for Northern Ireland, but does my right hon. Friend agree that while people in Northern Ireland understandably accept the right of freedom of religious expression, for example, those rights also belong in the United Kingdom?

Mr Swire: My hon. Friend is absolutely right. People in Northern Ireland enjoy the same protection as anyone in the rest of the United Kingdom. In fact, Northern Ireland has, for instance, anti-discrimination legislation that is the strongest in Europe. We need a consensus from the Executive—from the Assembly—to make sure that this matter is finally resolved to the satisfaction of all.

Political Developments

5. **Glyn Davies** (Montgomeryshire) (Con): What assessment he has made of recent political developments in Northern Ireland; and if he will make a statement. [82809]

The Secretary of State for Northern Ireland (Mr Owen Paterson): The political situation in Northern Ireland is now more stable than for a generation, but stability is not an end in itself. It is time for the Assembly and Executive to work towards building a prosperous Northern Ireland in which everyone has a genuinely shared future.

Glyn Davies: The Northern Ireland Executive have published a draft programme for government. Will my right hon. Friend comment on this development, and does he welcome what is happening in Northern Ireland?

Mr Paterson: I am delighted that after six months the draft programme has come forward, and I very much

hope that the Executive will crack on in working with the Assembly to deliver its main elements as soon as possible.

Naomi Long (Belfast East) (Alliance): One recent political development was that the Assembly agreed unanimously that the Secretary of State should convene talks to discuss how to deal with the issue of the past. Why, in the face of that consensus, does the Secretary of State refuse to do so?

Mr Paterson: That is a little unfair. Within a couple of days, I went to talk to the Speaker of the Assembly to discuss with him how best to address this issue, and I am now going to write to the leaders of all the main parties to discuss with their representatives how to take it forward. The sad problem regarding the past is that there is no consensus that we have detected. My right hon. Friend the Minister and I have been right round Northern Ireland talking to all sorts of groups involved with the past. Sadly, there is no consensus, but I will write to the parties and we will keep talking. This is very much an issue that has to be sorted out with local parties as well.

Mr Nigel Dodds (Belfast North) (DUP): One thing on which the Secretary of State did take action in relation to the past was the Finucane issue. There was a widespread welcome in Northern Ireland for his decision to draw a line under that in the way that the Government did. Does he agree, therefore, that the decision of the Irish Prime Minister, Enda Kenny, to come to Northern Ireland last week and seek to reopen this issue and launch an international campaign is deeply unhelpful to north-south relations and invites comparisons with his attitude towards neutering the Smithwick inquiry, which is investigating the deaths of Royal Ulster Constabulary officers?

Mr Paterson: I am grateful to the right hon. Gentleman for his question. The review into the Finucane case is going ahead. That is the decision of this Government, and we believe that it is the right one, as we inherited an impasse from the previous Government and called for an inquiry. We know that there are strong feelings in Dublin on this issue, and I have said privately and publicly that we recognise that they will state those differences publicly. I assure the right hon. Gentleman, however, that we will not let this issue in any way damage the excellent relations we have with the Government in Dublin.

Mr Dodds: I am very grateful to the Secretary of State for that answer. On another issue, does he recognise that the decision by the Sinn Fein lord mayor of Belfast this week to refuse to hand out a Duke of Edinburgh award to a young man because he was an Army cadet is deeply unhelpful in terms of community relations; that it stands in stark contrast to the First Minister's vision, set out on Saturday, of an inclusive, forward-looking Northern Ireland; and that Sinn Fein's action has deeply disturbed people right across the community?

Mr Paterson: The right hon. Gentleman makes an interesting point. The armed forces are a wonderful example of people from right across the community working together. I have on the wristband of the Royal Irish Regiment, which has representatives from right across Northern Ireland and the Republic and from 11 different nations. They set an example to us all of how we can work together. *[Interruption.]*

Mr Speaker: Order. A lot of noise has been taking place in the Chamber. That is very unfair on the Secretary of State, who is trying to give his answers in terms that can be heard and appreciated.

Fuel Poverty

6. **Alex Cunningham** (Stockton North) (Lab): What representations he has received on fuel poverty in Northern Ireland. [82810]

7. **Nick Smith** (Blaenau Gwent) (Lab): What representations he has received on fuel poverty in Northern Ireland. [82811]

8. **Nic Dakin** (Scunthorpe) (Lab): What representations he has received on fuel poverty in Northern Ireland. [82812]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): I attended the Opposition day debate on pensioners and winter fuel payments on 22 November. The matter was also discussed on 31 August, when I met the Minister for Welfare Reform and Northern Ireland Ministers to discuss this and other matters. Measures to tackle fuel poverty in Northern Ireland are the responsibility of Executive Ministers.

Alex Cunningham: I understand that the proportion of homes in Northern Ireland that are in fuel poverty is higher than in Scotland, England and Wales. The Housing Executive said that almost 50% of households cannot afford to heat their homes this winter. What are the Government going to do to help the people of Northern Ireland, and do they really think that it is enough?

Mr Swire: The figures are startling for Northern Ireland. These are devolved matters, and I understand that the Executive are tackling energy efficiency, maximising incomes through benefit uptake campaigns, and achieving affordable energy prices. They are also doing a lot. The Housing Executive is doing a lot about housing and the hon. Gentleman will be pleased by the announcement of £142 million over three years for Northern Ireland. Perhaps some of that could be spent on improving the housing stock.

Nick Smith: Like Northern Ireland, Wales has higher than average fuel poverty. Are the Government promoting dialogue between the devolved Administrations so that best practice and solutions that work can be shared?

Mr Swire: I remind the hon. Gentleman that, in 2004, his colleague the right hon. Member for Warley (Mr Spellar) had a target to eradicate fuel poverty in vulnerable households by 2010. The current Department for Social Development strategy states bluntly that this target will not be achieved. In fact, fuel poverty increased in Northern Ireland from 146,000 in 2004 to 302,000 in 2009.

Nic Dakin: How will the Minister ensure that nobody in Northern Ireland has to choose between heating and eating this winter, given that fuel prices have risen by 18.6% this autumn?

Mr Swire: The hon. Gentleman will know that there are several schemes in Northern Ireland, such as warm homes, warm homes plus, the pilot boiler replacement scheme, the introduction of oil stamps, and the Housing Executive itself. Contrary to what Opposition Members say, the Government have maintained the winter fuel allowance and chosen to keep the higher cold weather payment allowances, which is more than the Labour Government would have done, had they won the last general election, which, mercifully, they did not.

Amber Rudd (Hastings and Rye) (Con): Does the Minister agree that the Chancellor's announcement yesterday stopping the inexorable rise of fuel costs will be most welcome to people suffering from fuel poverty in Northern Ireland, and in Hastings and Rye?

Mr Swire: My hon. Friend is right. The Chancellor's announcement deferring the increase from 1 January to 1 August is very welcome, as indeed is the further increase. She will also want to welcome the increases in pensions, which I believe represent the biggest increase in pensions since 1908. That will also help the most vulnerable in society.

Mr Peter Bone (Wellingborough) (Con): Does the Minister share my concern about the Opposition Whips' effort to flood the Order Paper, with a third of the questions on it being identical, so that Members—

Mr Speaker: Order. I am grateful to the hon. Gentleman, but that has nothing to do with fuel poverty in Northern Ireland. I call Charlie Elphicke.

Charlie Elphicke (Dover) (Con): Does the Minister share my concern that some 70% of homes in Northern Ireland are heated with heating oil? Is not the priority to get them connected so that people can access a wider, more competitive market to bring prices down?

Mr Swire: My hon. Friend is right. That is the vulnerability of the market in Northern Ireland, which is why we welcome discussions such as those being undertaken on the undersea energy grid by the Minister, Arlene Foster, on the isles project, and on fracking, which could have a serious effect, in a beneficial way, on energy provision in Northern Ireland.

Ian Paisley (North Antrim) (DUP): Eighty-two per cent. of homes across rural Ulster rely on the most expensive form of heating oil to heat their homes. The councils in Northern Ireland, the Assembly and the Northern Ireland parties represented in this House are united in their support for the higher form of winter fuel allowance in Northern Ireland. How is the Secretary of State representing that united political will to the Cabinet?

Mr Swire: I do not want to be cynical about the previous Government—not unless I have to be—but I draw the hon. Gentleman's attention to the fact that they raised these allowances two years running up to the election but that their plans, had they won the election, were to reduce them. We could have stuck with those figures. We did not. We chose to increase the high level of the cold weather payment to the benefit of all who are most vulnerable.

Stephen Pound (Ealing North) (Lab): In wishing the Minister of State the very happiest of birthdays today, may I remind him that politicians are often accused of giving warm words and cold comfort? Bearing in mind the uniquely disadvantaged position of the fuel poor in Northern Ireland, will he at least approach his colleagues in the Treasury for an uprating of the winter fuel allowance this year in view of the extremely inclement weather forecast?

Mr Swire: I am grateful to the hon. Gentleman. I just explained to the previous questioner that we have chosen to increase allowances in a way that the previous Government were simply not going to. The cold facts are there in the spending commitment. We have nothing to apologise for; indeed, we have plenty to be proud of.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [83649] **Nick Smith** (Blaenau Gwent) (Lab): If he will list his official engagements for Wednesday 30 November.

The Prime Minister (Mr David Cameron): I am sure the whole House will wish to join me in paying tribute to Rifleman Sheldon Steel from 5th Battalion The Rifles. He was a highly respected soldier who had achieved a great deal and shown much potential during his time with the Army. At this very sad time, our thoughts should be with his family, his friends and his colleagues. His courage and his dedication will never be forgotten by our nation.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Nick Smith: I join the Prime Minister in paying tribute to that brave serviceman, who gave his life for our country. Our thoughts are with his family at this very difficult time.

Blaenau Gwent, my constituency, has high unemployment but great potential, and it would benefit greatly from £200 million of private sector-led investment in motor sport. Will the Prime Minister provide support for enhanced capital allowances for enterprise zones in Wales, including Blaenau Gwent, as well as in England?

The Prime Minister: I thank the hon. Gentleman for that question. First, may I congratulate him and the other 37 Members who have opted to grow additional facial hair in this month of November? It is a very good way—*[Interruption.]* For those who are capable of doing so, it is a very good way of raising the profile of that important illness, prostate cancer.

We are committed to providing enhanced capital allowances, and discussions are ongoing with devolved Administrations about enhanced capital allowances in their enterprise zones. We will do what we can in Blaenau Gwent, as elsewhere, and I should add that we are electrifying the line to Cardiff and looking for improvements on the M4. All the announcements that my right hon. Friend the Chancellor made yesterday will have consequentials for additional spending on infrastructure in Wales.

Richard Drax (South Dorset) (Con): I am confident that the Prime Minister, like me, will praise the courage and professionalism of the Portland search and rescue helicopter. I am confident also that he will share with me the alarm, anger and disbelief of my constituents and many colleagues with coastal constituencies that it is to be axed. Will he meet me and a small delegation from South Dorset to discuss that urgent matter before a disastrous mistake is made?

The Prime Minister: I am very happy to meet my hon. Friend. I know how important it is that we have effective search and rescue facilities off our coast, and I know about the incredibly good work that they do. What the Government are looking at is the best way to deliver those services, including how they should be paid for, and it is important that that work goes ahead.

Edward Miliband (Doncaster North) (Lab): May I join the Prime Minister in paying tribute to Rifleman Sheldon Steel, from 5th Battalion The Rifles? He served with huge commitment and courage, and our deepest condolences are with his family and friends.

In June at Prime Minister's questions, the Prime Minister praised the head teacher of Vaynor First school in Redditch for refusing to strike. Today, she has closed her school. She says:

"This has been the most difficult decision of my professional life... The difference in the summer was that I had faith in the Government... I have not seen any progress so I have decided...to strike."

Why does the Prime Minister think that so many decent, hard-working public sector workers, many of whom have never been on strike before, feel that the Government simply are not listening?

The Prime Minister: The reason why people are going on strike is that they object to the reforms that we are making to public sector pensions, but I believe that those reforms are absolutely essential. The Labour former Work and Pensions Secretary, Lord Hutton, said that

"it is hard to imagine a better deal than this."

What I would say, above all, to people who are on strike today is that they are going on strike at a time when negotiations are still under way. The right hon. Gentleman refers to what was said in June. Let me remind him what he said on 30 June:

"These strikes are wrong at a time when negotiations are...going on".

Why has he changed his mind?

Edward Miliband: Mr Speaker, the reason—[Hon. Members: "Answer."]

Mr Speaker: Order. I say to Members engaged in orchestrated barracking that it is very tedious and very juvenile, from whichever side it comes. The public do not want to hear it, and nor do I. The Leader of the Opposition will be heard, as will the Prime Minister, and that is all there is to it.

Edward Miliband: The reason public sector workers do not think the Prime Minister is listening is that the Government declared negotiations at an end four weeks ago. They said that they had made their final offer. They have not even met the unions for four weeks, since 2 November. What has he gone around saying to people? He has gone around saying that he is privately delighted that the unions have walked into his trap. That is the reality. He has been spoiling for this fight. The reason people have lost faith is that he is not being straight with them. Will he admit that 800,000 low-paid workers on £15,000 a year or less are facing an immediate tax rise of 3% on his pension plan?

The Prime Minister: I know that the right hon. Gentleman's entire party is paid for by the unions, but I must say that what he has just told the House is extraordinary and completely and utterly untrue. The fact is there were meetings with the trade unions yesterday, there will be meetings with them tomorrow and there will be meetings on Friday. The negotiations are under way. Let me repeat what he said in June. He said that it is wrong to strike

"at a time when negotiations are...going on".

Yet today he backs the strikes. Why? Because he is irresponsible, left-wing and weak.

Edward Miliband: The difference is that, unlike the Prime Minister, I am not going to demonise the dinner lady, the cleaner or the nurse, people who earn in a week what the Chancellor pays for his annual skiing holiday—*[Interruption.]*

Mr Speaker: Order. Members on both sides of the House need to calm down. If senior Members of the House think that it is a laughing matter, let me tell them that it is not. The public would like to see some decent behaviour and a bit of leadership on these matters, and so would I.

Edward Miliband: The Prime Minister is the one—he did not deny it—who went around saying that he is privately delighted because the unions have walked into his trap. That is the reality. The truth is that it is not only public sector workers who are paying for the failure of his plan, but private sector workers. Will he confirm that, as a result of the cuts to tax credits announced yesterday, a family on the minimum wage, taking home £200 a week, will lose a week and a half's wages?

The Prime Minister: First, let me be absolutely clear—[Hon. Members: "Answer."] I will answer the question—

Mr Speaker: Order. Let me say again that the Prime Minister's answer, however long it takes, will be heard. That is the principle of democracy. The Leader of the Opposition and the Prime Minister must be heard.

The Prime Minister: Let me be clear that I do not welcome these strikes one bit. I think that we have made a very reasonable and very fair offer to public sector workers, and that is why the former Labour Pensions Secretary said that

"it is hard to imagine a better deal."

I do not want to see any strikes. I do not want to see schools close. I do not want to see problems at our borders, but this Government have to make responsible decisions.

Let me just remind the right hon. Gentleman and the House of the facts about public sector pensions. Anyone earning less than £15,000 on a full-time equivalent salary will not see any increase in the contributions they have to make. In terms of the reforms we are making, a nurse retiring on a salary of just over £34,000 today would get a pension of £17,000, but in future she would get over £22,000. A teacher retiring on a salary of £37,000 would have got £19,000, but will now get £25,000. These are fair changes. I will tell the House why they are fair. We rejected the idea that we should level down public sector pensions. We think that public sector pensions should be generous, but as people live longer it is only right and fair that they should make greater contributions. What we see today on the Opposition Benches is a party that is in the pocket of the trade union leaders, that has to ask their permission before crossing a picket line and that take the irresponsible side of trade union leaders who have called their people out on strike when negotiations are under way.

Now let me answer his question about the low-paid—*[Interruption.]*

Mr Speaker: Order. I remind the Prime Minister gently that a large number of Members are listed on the Order Paper—Back Benchers, whom I want to hear and he wants to hear. A brief sentence will suffice.

The Prime Minister: I will wait for his next trade union-sponsored question, and then give my answer.

Edward Miliband: I am proud that millions of hard-working people in this country support the Labour party—better that than millions from Lord Ashcroft.

The problem is that the Prime Minister does not understand his own policy. He does not understand that there are part-time workers earning less than £21,000 who will be hit—800,000 low-paid, part-time workers, 90% of whom are women, will pay more. He denies that, but it is true. That is the reality.

The Prime Minister *indicated dissent.*

Edward Miliband: The Prime Minister sits there shaking his head. He does not understand his own policy, and of course, he could not explain or justify what he did to everyone on low pay with the miserable deal cooked up with the Deputy Prime Minister to cut £1 billion from tax credits in the autumn statement yesterday. They have no explanation for why they are doing that—*[Interruption.]*

Mr Speaker: Order. I say to the hon. Member for Cannock Chase (Mr Burley) that I do not require any assistance from him. The Leader of the Opposition will come to a question.

Edward Miliband: Let me try the Prime Minister on another matter. What will unemployment be at the time of the next autumn statement on the Office for Budget Responsibility forecast?

The Prime Minister: If we compare the end of this Parliament with the start of this Parliament, the Office for Budget Responsibility figures—let us remember that the OBR is independent, but when the right hon. Gentleman was sitting in the Treasury, the figures were fiddled by Ministers and advisers, and that no longer happens—show that 500,000 more people will be in jobs, 90,000 fewer people will be on the claimant count, and the unemployment rate will be 7.2% instead of 8.1%. That is the OBR's forecast; it is not fiddled. The OBR is independent; and that is what the figures show.

Let me answer the right hon. Gentleman's question, as I was not able to do so earlier, about helping the poorest people in our country. It is his party that got rid of the 10p tax—the biggest attack on the working poor. It is this Government who have taken 1.1 million people out of tax, who froze the council tax, cut the petrol tax, introduced free nursery care for two, three and four-year-olds, and are putting up the child tax credit by £390 this year and next. That is a record to be proud of, instead of the right hon. Gentleman's appalling record of attacking the working poor.

Edward Miliband: With child poverty going up as a result of the autumn statement yesterday, the truth is that the Prime Minister could not answer the question because he is too embarrassed by the truth—*[Interruption.]* The Education Secretary should calm down. He tells children to behave; why does he not behave himself?

The Prime Minister is too embarrassed. There are 2.8 million people out of work according to the forecast of the Office for Budget Responsibility. He is another Conservative Prime Minister for whom unemployment is a price worth paying. Because he is failing on unemployment and growth, he is failing on borrowing. He told the CBI conference last year that, no ifs or buts, by 2015

"we will have balanced the books."

Will he now admit that on the central test he set himself, he has failed?

The Prime Minister: The right hon. Gentleman complains about the level of borrowing, but his answer is to borrow even more. That is the utter illiteracy. Let me tell him what we are doing. Because we have a plan to meet the mandate and to meet the test set out by the Chancellor in his emergency Budget, we have some of the lowest interest rates in Europe. That is right; for every percentage point they went up under Labour, that would be another £1,000 on a family mortgage, another £7 billion out of business and another £21 billion on our national debt. That is what we would get under Labour and that is why it is this Government who will take the country through this storm.

Edward Miliband: The Prime Minister is borrowing an extra £158 billion to pay for his economic failure. The truth is that his plan has failed. He refuses to change course and he is making working families pay

the price. At the very least, we now know that he will never, ever be able to say again, "We're all in this together."

The Prime Minister: The leader of the Labour party has taken sides today: he is on the side of the trade union leader who wants strikes and not negotiations and he is on the side of people who want to disrupt our schools, disrupt our borders and disrupt our country. And when it comes to borrowing, he cannot even bring himself to welcome the fact that there are low interest rates.

Let me tell him this. The shadow Chancellor—*[Interruption.]* Mr Speaker, they are all shouting in unison—*[Interruption.]* Or should that have been they are all shouting on behalf of Unison? I am not quite clear. Let me remind the House of what the shadow Chancellor said about low interest rates. He said that long-term interest rates are

"the simplest measure of monetary and fiscal policy credibility".

That is what he said, and that is what this Government are delivering.

We are being tested by these difficult economic times. We will meet that test by getting on top of our debt and getting on top of our deficit. The Leader of the Opposition is being tested too, and he is showing that he is weak, left-wing and irresponsible.

Jo Swinson (East Dunbartonshire) (LD) *rose—*

Mr Speaker: Order. I assume that Government Back Benchers have some interest in listening to Jo Swinson.

Q2. [83650] **Jo Swinson:** Thank you, Mr Speaker. I would like to associate myself with the words of condolence from the Prime Minister and Leader of the Opposition.

Ten years on from the military intervention, more than 3 million girls in Afghanistan are now in school. With the Bonn conference on Monday, will the Prime Minister send a clear message that the rights of those girls should not be traded away in a false choice between women's rights and security? The evidence shows that women's involvement in post-conflict resolution is essential for stability.

The Prime Minister: First of all, may I wish my hon. Friend and everyone in Scotland or who is Scottish a very happy St Andrew's day? She is absolutely right to talk about women's rights in Afghanistan. All too often, we talk about security without talking about some of the things that that security is making possible. It is the case that whereas in 2001 there were fewer than 1 million children in school in Afghanistan, none of them girls, today there are 6 million children regularly in school, 2 million of whom are girls. All those of us who have been to Afghanistan and met women MPs and other leaders in that country who want to stand up for women's rights know what an incredible job those people are doing, and we are on their side.

Q13. [83661] **Lilian Greenwood** (Nottingham South) (Lab): According to the Office for Budget Responsibility, half a million more people will be on the dole in 2013 than previously thought. That is a terrible human cost, but how much more will be lost in tax and paid out in benefits as a result of his Chancellor's economic failure?

The Prime Minister: What the OBR shows is that by 2015 we are going to have half a million more people in jobs, fewer people on the claimant count and a lower unemployment rate. But there is a serious point here, because the figures do show a sharp decline in public sector employment. That is shown by the figures. There is a much bigger increase in private sector employment.

What I would say to the Opposition—in fact, to everyone in the House—is that if we want to reduce the amount of unemployment from the public sector, we have to reform welfare, which they oppose, we have to freeze public sector pay, which they oppose, and we have to reform public sector pensions, where they are on the side of the irresponsible trade union leaders.

Q3. [83651] **Mr Laurence Robertson** (Tewkesbury) (Con): Is the Prime Minister aware that in the last financial year, taxpayers paid more than £113 million to trade unions by way of paid staff time and direct grants? In the light of today's disruption to hospitals and schools, is it not time to review that situation?

The Prime Minister: I think it is time. I do not think full-time trade unionists working in the public sector on trade union business rather than serving the public is right, and we will put that to an end. That is absolutely the case, and the evidence today makes that case even stronger.

Q4. [83652] **Kate Green** (Stretford and Urmston) (Lab): Why are the Government freezing working tax credit, which helps the lowest paid workers, including those whose wages are too low for them even to pay tax, to make work pay?

The Prime Minister: As the hon. Lady knows, what we are doing with tax credits is that there will be a £255 increase this year, which is the largest ever increase in child tax credit, and there will be a further £135 increase next year—a 5.2% increase. I think that is the right increase in child tax credit. Helping those families, genuinely helping people to get out and stay out of poverty, helping on nursery education and helping to get low paid people out of tax is even more valuable.

Jacob Rees-Mogg (North East Somerset) (Con): As the United Kingdom's borders are being kept open today by patriotic volunteers, will the Prime Minister consider imitating the robust action of the late US President Ronald Reagan in relation to recalcitrant air traffic controllers?

The Prime Minister: I thank all those people, including a number from No. 10 Downing street, who are helping to keep our borders open and to make sure that Heathrow and Gatwick are working properly. Let me report to the House that the evidence so far suggests that about 40% of schools are open; less than a third of the civil service is striking; on our borders, the early signs are that the contingency measures are minimising the impact; we have full cover in terms of ambulance services; and only 18 out of 900 jobcentres have closed. Despite the disappointment of the Labour party, which supports irresponsible and damaging strikes, it looks like something of a damp squib.

Q5. [83653] **Mark Hendrick** (Preston) (Lab/Co-op): May I ask the Prime Minister if he came into politics to sack three quarters of a million civil servants and public sector workers, most of whom are women and most of whom have families?

The Prime Minister: I came into politics to try to improve the welfare of people in our country. The fact is that, at the end of this public sector pension reform, those people working in the public sector will have far better pensions than most people in the private sector, who are contributing that money to them. *[Interruption.]* I know the Leader of the Opposition and the shadow Chancellor are paid to ask questions; they do not have to wave as well. *[Interruption.]* If they give the money back to the unions, I will calm down.

Chris Kelly (Dudley South) (Con): Will my right hon. Friend join me in condemning the outrageous attack on our embassy in Tehran yesterday and in paying tribute to our diplomatic staff serving in such difficult environments with such distinction?

The Prime Minister: I certainly join my hon. Friend in doing that, and I am sure the whole House will join me in praising the incredible devotion of our staff in the foreign and diplomatic service, who often face great dangers, as they did yesterday in Tehran. I chaired a meeting of Cobra yesterday and another one this morning and spoke to our ambassador about the safety of his staff. That should be our No. 1 concern—their safety, their security and making sure those are maintained. After that, we will consider taking some very tough action in response to that completely appalling and disgraceful behaviour by the Iranians.

Several hon. Members *rose—*

Mr Speaker: Order. The next question is a closed question.

Early Intervention

Q6. [83654] **Mr Graham Allen** (Nottingham North) (Lab): What plans he has to change the machinery of Government to facilitate the implementation of early intervention policies; and if he will make a statement.

The Prime Minister: I lead a Committee of Cabinet Ministers that looks specifically at family issues, including the importance of early intervention, which is central to what the Government are trying to achieve. We believe that if we change the life chances of the least well off, we have a much better chance of genuinely lifting young people out of poverty and keeping them out of poverty. I take a close interest—as do my right hon. Friends the Secretary of State for Education and the Chancellor of the Exchequer—in the hon. Gentleman's work, and in the real difference that he has made in prioritising early intervention in our country.

Mr Allen: I thank all three party leaders for their consistent support for early intervention and their generous welcome for my two reports. May I ask the Prime Minister to make early intervention in the lives of babies, children and young people a theme for all Departments in the next comprehensive spending review, so that not only will all children be able to make the best of their life chances, but Government and the taxpayer will be able to reduce the massive costs of failure—including educational underachievement, 120,000 dysfunctional families, summers of discontent, and many, many lifetimes wasted on benefits?

The Prime Minister: That is a very sensible suggestion. I think that we can look at it in the context of the next spending round, but I do not even want to wait for the next spending round. That is why the family Committee that I lead, and of which the Deputy Prime Minister is a member, is considering how we can make effective action such as intervention in the lives of the 120,000 neediest and most broken families. Government—all the different Departments—spend a huge amount of money on those families, but we are not satisfied that that money has been spent on actually intervening in the lives of those families, and trying to turn them around in order to solve their very real problems. We have a programme for doing that now, but I hope that the hon. Gentleman will continue with his very positive work.

Engagements

Q7. [83655] **Andrew Rosindell** (Romford) (Con): The Prime Minister will be aware that there remain 16 British overseas territories around the world where the Union flag still flies proudly. Will he pledge that Her Majesty's Government will protect, defend and cherish the loyal subjects of all those territories?

The Prime Minister: I can happily give my hon. Friend that guarantee. Let me add that the overseas territories will remain British for as long as the people of those territories want to maintain their special relationship with us, and that the Union flag will continue to fly over the Governors' residences. We are increasing our assistance to overseas territories—my hon. Friend will be familiar with what we are doing in St Helena with the airport—and, of course, next year is the anniversary of the liberation of the Falkland Islands, which will be a moment for genuine celebration in all overseas territories.

Q8. [83656] **Julie Hilling** (Bolton West) (Lab): My constituent Jackie contacted me to ask how she is to manage with a 3% tax on her pension, no pay increase until 2013, and rocketing fuel and food bills. How is she to feed her family? Why is the Prime Minister making people like Jackie pay for his Government's failure?

The Prime Minister: The fact is, I am afraid, that the whole country is having to pay for the failure of the last Government to get on top of debt and deficit, but what I would say to the hon. Lady's constituent is that we are trying to help. That is why we are freezing council tax, cutting petrol tax, taking 1.1 million of the poorest people out of tax altogether, and increasing child tax credit in the way that I described earlier. We will continue to take all those steps, but I would say to the hon. Lady's constituent—as I would say to all others—that the most dangerous thing that we could do now is lose control of our debts and see interest rates go up. When this Government came to power, our interest rates were at the same level as Italy's. Today, Italy's interest rates are 5% higher. If ours were at the same level, we would see higher mortgage costs and businesses going bust, and we would have a real problem in our country. That, however, is the policy of the Labour party.

Q9. [83657] **Fiona Bruce** (Congleton) (Con): What message has the Prime Minister today for the thousands of people who run and work in small businesses in my constituency, who work tremendously hard to keep those businesses and the local economy going, and who, in some cases, can barely afford to make provision for their own pensions?

The Prime Minister: The hon. Lady is entirely right. This Government are squarely on the side of people who work hard, play by the rules, and want to do the right things for their families. Today I would say to all those people "Thank you for what you do to contribute to public sector pensions that are far more generous than anything that you are able to afford. For our part, we promise to ensure that public sector pensions remain strong but are affordable." What is so notable about today is that the Labour party has taken the side of trade union leaders who want to disrupt our country.

Q10. [83658] **Diana Johnson** (Kingston upon Hull North) (Lab): With taxpayers set to pay up to £100 million to BAE Systems to make workers redundant, is the Prime Minister aware that £100 million would pay for five new Hawk planes to be built at Brough for our Red Arrows? Is that not a better use of £100 million?

The Prime Minister: I strongly support British Aerospace and all that it does. It is an extraordinarily strong British company. It has the full backing of the British Government and an enormous order book from us in terms of the strategic defence review. It also has massive backing from us in selling Hawk aircraft, Typhoons and Eurofighters all over the world to countries that need them. Clearly at Brough there have been issues and difficulties. That is why we have put in an enterprise zone, and we will do everything we can to help those people and help that company.

Q11. [83659] **Mr Mark Spencer** (Sherwood) (Con): Does the Prime Minister share my belief, and until recently the belief of the Leader of the Opposition, that now is not the time to strike, before negotiations have been completed?

The Prime Minister: My hon. Friend makes a very good point. Just in case anyone did not get it the first time, let me say it again:

"These strikes are wrong at a time when negotiations are…going on".

Negotiations are going on, so the Leader of the Opposition should think the strikes are wrong. He does not think that they are wrong, because he is in the pocket of the trade union leaders.

Mr Frank Roy (Motherwell and Wishaw) (Lab): In every city and village in the country, home helps, carers, nurses and teachers are on strike for the very first time in their lives. These hard-working people—

Bob Russell (Colchester) (LD): You are not on strike.

Mr Roy: Well, we hear laughter from the Government Benches, but this is no laughing matter to hard-working families. Are these hard-working people out-of-touch left-wing trade union militants, as demonised by the two parties on the Government Benches, or are they men and women who have said to the Government, "Enough is enough"?

The Prime Minister: I know that people feel strongly about this, but we have a responsibility to deliver an affordable public sector pension system. We have rejected the idea of levelling down public sector pensions. What we will deliver on public sector pensions is a generous and fair offer that will give public sector pensioners, unlike others in our country, a defined benefit system. That is why Lord Hutton says that this is an incredibly generous offer. What a pity it is that the Labour party has left reality and will not back that view.

Q12. [83660] **Andrew Bingham** (High Peak) (Con): The Prime Minister will know that I recently held a small businesses event in my constituency, and many of the businesses that attended complained bitterly about the red tape and bureaucracy that they have to jump through to deal with public bodies. What message can he send to these businesses, as we look to them to help rebuild the economy, about getting rid of some of this obstructive bureaucratic nonsense?

The Prime Minister: My hon. Friend is absolutely right to raise this subject. It is why we have introduced the red tape challenge, so that all these rules are published on line and businesses and individuals can tell us which ones can be scrapped without harming public safety. At the same time, we have the one-in, one-out rule so that Ministers cannot introduce a new regulation until they have scrapped an existing one. This Government are determined to scrap unnecessary regulation and to help small businesses to employ more people in our country.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): At the last spending review, the Prime Minister said that the £110 rise in child tax credits would have an impact on child poverty. Now that he has taken away that rise and is freezing working tax credit, can he say how many more children will be in poverty in the coming year?

The Prime Minister: What we are doing in terms of child tax credit is that it is going to be £390 higher than at the time of the last election. That is a £255 increase this year, which is the largest ever increase in child tax credit. We are adding a further £135 next year—an increase of 5.2%. That is what is happening on child tax credit. Let me make this additional point. If the pension is increased, we see child poverty figures go up, under the definition used by the Labour party. I think that it is right that we increase the pension; I do not think that we harm the life chances of children by giving pensioners what we have given, which is a record cash increase in pensions next year.

Q14. [83662] **Amber Rudd** (Hastings and Rye) (Con): May I ask the Prime Minister to ensure that this House remains a free and democratic institution, accountable only to voters? Does he share my indignation that some Members had to ask permission from the GMB to be here today? *[Interruption.]*

Mr Speaker: Order. There is a matter of basic courtesy here. The question from the hon. Lady should be heard. I think that she has completed her question, but it really is a lesson for the future. When questions are being

asked, they should be heard with courtesy, and when the answers are given, whatever Members think of them, they should be heard with courtesy.

The Prime Minister: It is genuinely baffling to people that somebody who said that they would not back strike action while negotiations were under way has come to the House today to speak on behalf of trade union leaders. I want to say that it is a flashback to Neil Kinnock, but even Kinnock was not as bad as that.

Owen Smith (Pontypridd) (Lab): Does the Prime Minister think it fair that the Chancellor yesterday decided to take just £300 million extra from the banks, and £1.3 billion from working families in this country? Is that a fair distribution?

The Prime Minister: What the Chancellor announced yesterday was that we will take £2.5 billion off the banks, not through a one-off bonus tax one year, but every year. It is this Government who are properly putting a tax on the banks, whereas the Labour party, year after year, gave knighthoods to Fred Goodwin, did not regulate the banks or tax them properly, and gave us the biggest boom and the biggest bust, from which we are having to recover.

Q15. [83663] **Roger Williams** (Brecon and Radnorshire) (LD): While I welcome the reduction in corporation tax, which will encourage the businesses affected to expand, 90% of the businesses in my constituency are not incorporated and will not benefit from the tax reduction. Will the Prime Minister ensure that in the spring Budget those businesses are given similar tax incentives to ensure that they grow to their full potential, in the economy and the communities they serve?

The Prime Minister: May I again praise the hon. Gentleman for the magnificent specimen lurking underneath his nose? We will not wait until the Budget to help those small businesses: we have already extended the rate relief freeze for small businesses, and the national loan guarantee scheme, which will help small businesses to access credit, will be up and running soon.

Mr Speaker: Order. We now come to the statement from the Minister for the Cabinet Office and Paymaster General. I appeal to right hon. and hon. Members leaving the Chamber to do so quickly and quietly, so that the Minister can deliver his statement and the House can listen to and hear it.

Industrial Action

12.37 pm

The Minister for the Cabinet Office and Paymaster General (Mr Francis Maude): With permission, I would like to update the House on today's public sector strike action, which is about long overdue reforms to public sector pensions.

I start by thanking the large majority of public servants who have turned up for work today as normal. The low response to the call for strike action reflects their dedication to their public service calling. It also reflects the recognition that taking strike action while negotiations continue on an almost daily basis is nothing short of irresponsible, inappropriate and untimely. It is plain wrong.

This strike is about long-overdue reforms to public sector pensions. I repeat that we want public sector workers to continue to have access to pension schemes that are among the very best available. They will continue to be defined benefit schemes, delivering a guaranteed pension, index-linked and inflation-proofed. Such schemes have all but disappeared from the rest of the work force.

Reform, however, is urgently needed. The cost of public service pensions has increased by a third in the past 10 years to £32 billion a year, and the Office for Budget Responsibility forecasts that, without reform, spending on public sector pensions will rise by nearly £7 billion over the next five years. Life expectancy is rising, and people are living longer, so in future people will work longer, for a better balance between life spent in work and life in retirement. Most public sector staff, except the lowest-paid, will pay more for a fairer balance between what they pay towards their pensions and what other taxpayers pay.

During the discussions, we have been willing to listen to the concerns of staff, and we have responded. On 2 November, after months of negotiations, my right hon. Friend the Chief Secretary set out in Parliament a revised offer that was more generous by 8%. In addition, we have made sure that any public sector workers within 10 years of retirement will be able to retire on their current terms. We are also protecting the lower paid. Public sector staff earning less than a full-time equivalent of £15,000 will not have to pay anything extra at all, and there will be limited increases and contributions for those earning, on a full-time basis, between £15,000 and £21,000. We think that that is fair.

The offer on the table is, by any standards, a generous one. It is a deal that most people in the private sector could only dream of being offered. Most staff on low and middle incomes will retire on a pension as good as what they expect today, and for many it will be even better.

The changes to the pension schemes will particularly protect women, who form the majority of the public sector work force, many of whom are on lower pay. A move from final salary schemes to career average will secure fairer outcomes for lower-paid workers, most of whom are women. The new schemes will also protect future generations from an unsustainable burden placed on them by unaffordable public sector pensions.

It is simply not true that the Government are not negotiating. I was surprised to hear the Leader of the Opposition repeating that claim today. Only yesterday there were discussions with the civil service unions on the civil service pension scheme; tomorrow there will be discussions with the teaching unions, and on Friday with the health unions. After the new offer was made on 2 November, it was agreed, at the request of the TUC, that discussions would continue on the schemes—so it is within the sectoral schemes that the discussions are taking place, at the specific request of the TUC. In addition, there are frequent—*[Interruption.]* The shadow Chancellor asks from a sedentary position whether we have met the TUC. The answer is yes. [HON. MEMBERS: "You!"] So, contrary to—[HON. MEMBERS: "You! You!"] I will say to—

Mr Speaker: Order. The right hon. Gentleman will resume his seat. The Minister has, perhaps understandably, been provoked into a response, but questions, of whatever kind, relating to his statement must follow the statement. We cannot have constant sedentary interjections. I appeal to Members to stop doing that, and if it happens, I suggest that the Minister blithely ignore it.

Mr Maude: As always, Mr Speaker, I will do as you encourage me to.

Contrary to claims being made this morning by trade union leaders—and by the Leader of the Opposition and the shadow Chancellor—talks are very much alive. They are intensive and they are making good progress. I deeply regret the misleading claims to the contrary.

All this underlines how indefensible today's strike is while talks at scheme level are moving forward. It is inappropriate, untimely and irresponsible. The ballots for strike action, particularly in the bigger unions, had a turnout of between a quarter and a third—a very low turnout indeed. Our latest data suggest that, as of 11 am today, 135,000 civil servants—well below a third, indeed not much more than a quarter, of civil servants—were on strike. Most civil servants are going to work today as normal.

We have put in place rigorous contingency plans to ensure that, as far as possible, essential public services are maintained during such periods of industrial action. I have an update on what my right hon. Friend the Prime Minister said a few minutes ago: only 16 of the 930 jobcentres are now closed to the public, and UK borders are open and operating with only very minor delays in some seaports. In the airports services are being maintained. I pay tribute to all the dedicated people who are keeping those borders both secure and open.

Across the other sectors the impact has been varied. According to estimates early this morning, across all state-funded schools in England, some 60% are closed but a great many are open or partially open. I am very grateful to those who have worked hard to keep their schools open across the country—head teachers, governors, support staff and teachers, all of whom may have concerns about their own pensions but have chosen to put the needs of pupils and parents above their own to minimise the impact of this strike. I deeply regret the fact that there will have been disruption to the lives of so many hard-working parents across the country, and to hard-working pupils, many of whom are facing mock exams in the near future; they need a closed school like they need a hole in the head.

Overall, the national health service is coping well with industrial action. Early indications are that the

strike is having only a minor impact on patient services, and that has largely been mitigated by robust contingency planning. Several trusts have been forced to make cancellations of elective surgery, which is deeply unfortunate and I deeply regret it, but many organisations in the health service are reporting that they are operating at near normal levels. There is some disruption taking place in the local government sector, but councils have worked hard to secure essential services in areas such as dementia care and homelessness, to protect some of the most vulnerable members of the public from the most serious potential impacts of strikes.

Let me finish by saying this: I have huge respect for the dedicated women and men who keep our public services running. Their work is demanding, essential and highly valued. They deserve to be able to retire on decent pensions. Our reforms will ensure that their pension schemes will be decent, and that they can be sustained for the future. They deserve no less.

Jon Trickett (Hemsworth) (Lab): I thank the Minister for his courtesy in letting me have advance sight of the statement, which I received 20 minutes ago.

Clearly, the whole House regrets that industrial action is taking place today and that millions of families now face disruption to the services on which they rely and depend. Strikes are always a sign that negotiations have broken down, and if a deal is to be reached it is essential that both sides—let us be clear that that includes the unions, but the bulk of the responsibility lies with the Government—get around the negotiating table and show willingness to give ground.

Is it not true that the Government bear the greatest burden of responsibility for what is happening today? We accept that there is a need to continue the reform of public service pensions, which we in fact began when we were in office. We found the unions to be tough but ultimately reasonable negotiators, and we achieved a settlement without any industrial action.

The Government refer to Lord Hutton. He provided rigorous analysis of the current situation, laid out the ground rules for the negotiations, and persuasively argued that there was a need for further change. For example, he was right when he suggested we should look again at career average schemes, which might be fairer in many cases.

The unions need to show they accept the need for change, and indeed they have said they accept the continued need for negotiation and further change. The Government arbitrarily announced a 3p in the pound levy on the incomes of public sector workers, but this imposition has nothing whatever to do with Hutton. Is it not the case that the money that will be garnered from that 3p is not going to the pension schemes but is instead going into the pockets of the Chancellor of the Exchequer? The Minister says negotiations are ongoing, but will he tell us whether or not the 3p imposition, which is a form of tax on public sector workers, is negotiable? It clearly is not in the Government's mind. Will he also respond to the question about when he last met the unions as part of the negotiation, and when Treasury Ministers last met them, as the leader of Unison said today he had not met them at all since 2 November? It is remarkable that the Government can say negotiations are ongoing when the key Departments have never met the trade unions.

At the core of today's industrial action are 750,000 low-paid workers. These people provide daily services to all of us and to all the people we serve in our constituencies. They are mainly women, they are almost exclusively low paid, and they provide the essential services on which our whole country depends: they are school dinner ladies, teachers, nurses and others. The House must not underestimate the difficult decisions each of those people must make in deciding whether to take action. Many of them never thought, when they entered the service of the public, that they would have to go on strike. It is a difficult personal decision for each of them, and I assure the House that they take it only with the greatest reluctance. They feel a burning sense of injustice that, low paid though they are, an additional burden is now being imposed on them. Equally, they face a significant deterioration in their pensions, which is why 750,000 low-paid workers—mainly women—have taken that difficult personal decision.

There is a risk that many of those people will opt out of their pensions.

Mr Speaker: Order. May I gently say that I know that in pretty short order the shadow Minister will want to come to his questions on the statement?

Jon Trickett: I thought I was asking questions as I was going along.

What estimate have the Government made of the number of people who might opt out of their pension schemes, and what damage might the schemes incur?

It has been suggested that the Prime Minister thinks he can gain political advantage from the strike. He told *The Daily Telegraph* that he was delighted that a strike would take place. What is the Minister's strategy? Will he and the Treasury again meet the trade unions to begin negotiations? We have consistently argued that negotiations should be ongoing. Will he call the unions today to ask for meetings tomorrow?

Let me turn to the disruption that has been caused today. How many people are staffing the borders? Will the Minister confirm that there has been no relaxation of border checks?

This is a strike that did not need to happen—nobody wants strikes. The Government must show that they are willing to negotiate sensibly.

Mr Maude: It is easy to tell from the tone of that response who pays for the hon. Gentleman's party. *[Interruption.]*

Mr Speaker: Order. I gently say to Whips, wherever they are in the House, that the House is best served when they go about their Protean tasks quietly. On the whole, the House is greatly nourished if they are seen and not heard.

Mr Maude: May I deal with the point about the negotiations? I thought I had made it as clear as possible that, at the TUC's request, the negotiations are continuing in the scheme sector talks. [HON. MEMBERS: "Are you going to meet them?] I have met them—[HON. MEMBERS:

[Mr Maude]

"When?] Since 2 November. We conduct many of the negotiations in private—at the request of the TUC. *[Interruption.]* If Labour Members want to know when the meetings took place, I shall give them the TUC's telephone number. Let me be absolutely clear: I shall not disclose what the contacts are—at the express request of the TUC. Okay? If they want me to be explicit about the contacts, rather than attacking me they should talk to the TUC. I think they probably know the number.

The shadow Minister asked whether I would call the unions today to suggest a meeting. He is a bit slow on the uptake: I called them yesterday to make that suggestion. I make it absolutely clear that my right hon. Friend the Chief Secretary and I are ready at any stage to meet the TUC. We have done so consistently over the whole period, but at the request of the TUC the discussions are continuing in the four sector schemes and are making good progress. That is why this strike is so indefensible, so unjustifiable, so irresponsible. Luckily, not that much damage will have been inflicted on the economy, because most public servants have chosen to work today as normal. But that has nothing to do with the attitude of the Labour party or of some trade union leaders.

I was asked about the Labour Government's public sector pension reforms. The shadow Minister made a point about full-time equivalence—the basis on which the previous Government put in place their public sector pension reforms. We have simply followed what they did. I can tell the House that 750,00 low-paid workers will not lose at all—they will not pay a penny more in contributions, because they are below the threshold we have set—and 85% of them are women. It would be useful if the hon. Gentleman confirmed those figures.

The other thing to say about the Labour Government's pension reforms is that, at the behest of their paymasters in the trade unions, they bottled out of putting in place the long-term reform that makes these changes sustainable. That is why Lord Hutton, Labour's former Work and Pensions Secretary, recommends all these proposals and reforms, which will make the arrangements we arrive at in the discussions sustainable for a generation. No Government over the next 25 years should have to revisit pension schemes, which we have had to do because the previous Government bottled it.

Several hon. Members *rose—*

Mr Speaker: Order. Many Members are seeking to catch my eye. There is another statement to follow, and I remind the House that we have an Opposition day debate too. There is therefore a premium on brevity, the exemplar of which will be Mr David Ruffley.

Mr David Ruffley (Bury St Edmunds) (Con): Three out of four of my constituents work in the private sector for middling incomes, and they tell me that they would have to put one third of their earnings into their pension to get the benefits that people on strike today enjoy on retirement. Does the Minister agree that the public sector pensions settlement is not only incredibly affordable but incredibly fair?

Mr Maude: I think it is fair to the general taxpayer, who has carried all the additional cost of public sector pensions over the past 10 years, and to public sector workers and staff, who are dedicated, hard working and perform essential work. We want pension schemes to be available, without their having to be revisited every few years, because this Government are determined to get this right for the long term.

Mr David Winnick (Walsall North) (Lab): Despite the sickening trade union bashing of Tory MPs, a number of whose campaigns were financed by Lord Ashcroft, so we do not need any lectures from them, is the Minister aware that many decent, dedicated, law-abiding public servants have gone on strike—in many instances for the first time in their life—because they feel cheated and insecure about their pensions and do not accept what the Minister and other Ministers have said? Is there not at least an opportunity to try to understand the deep, strong feelings of people, many of whom will retire with pensions worth a tiny fraction of those that most Tory MPs will receive?

Mr Maude: I do understand the concerns of public sector staff and I want to commend the 75% to 80% of public sector workers who have gone to work today as normal. No one had to go on strike. Discussions are continuing and, as I said, making progress on a daily basis. The hon. Gentleman mentions pensions for Members of Parliament. We are public sector workers. We have a very generous pension scheme. It needs to be reformed and I hope it will be.

Mr Mark Williams (Ceredigion) (LD): I declare an interest as a paid-up member of the NASUWT who is not supportive of the action taken today. The critical thing is the timing. Can the Minister reiterate and continue to reiterate the fact that negotiations went on yesterday, will go on tomorrow and, tragically, would have happened today had it not been for the action that has been taken?

Mr Maude: My hon. Friend is completely right on that. His own union will be in discussions with the education employers tomorrow. There is disruption caused by today's action, but despite that there were discussions yesterday with civil service unions and there will be discussions tomorrow and on Friday with health unions. This process is still going ahead, which is why it is so hard to defend the action being taken today. I am just sorry that the Labour party cannot bring itself—does not have the guts—to say it is wrong.

Lilian Greenwood (Nottingham South) (Lab): Does not the Minister understand that there are thousands of part-time workers, the vast majority of whom are women, who are being asked to pay an extra 3%? I would not call it pension contribution, because it is not even going to boost their pension fund. How many of them will opt out as a result of the Government's changes?

Mr Maude: For most public sector workers there is no fund. Contributions made today go to pay pensions today. The local government scheme is funded. Most of them are not funded. They are pay-as-you-go schemes. Lower paid people will not be asked to pay more. As I say, 750,000 low paid public sector workers will have to pay nothing extra at all as a result of these changes.

Mr Rob Wilson (Reading East) (Con): Is my right hon. Friend aware that in a substantial number of local authorities, local government pensions are paid for by the equivalent of 25% of council tax? Is it fair to those council tax payers who are paying such a large sum of their hard-earned cash?

Mr Maude: Over recent years the balance between what is paid by public sector staff towards their pensions and what is paid by the general taxpayer and, in the case that my hon. Friend refers to, the council tax payer, has got out of balance. What we are doing is putting it into a fairer balance. In every case the employer, which is the taxpayer, will be paying more towards the cost of those pensions than staff. I think that is fair, as well. But there will be a fairer balance, and so there should be.

Pete Wishart (Perth and North Perthshire) (SNP): A good St Andrew's day to you, Mr Speaker. The Scottish National party fully supports the public sector unions and we deplore this Government's pension fund raid. The Scottish Government tried to protect public sector workers in Scotland by not imposing the pension levy, but the Chief Secretary promised to deprive us of £100 million if we did that. Why did he do that? Surely that is a great example of why pension policy should be under the democratic control of the Scottish people in the Scottish Parliament.

Mr Maude: The Scottish Government have benefited from the results of the reforms, and if they choose not to implement them they will have to make savings from elsewhere. That just follows. It comes with devolution.

Nigel Mills (Amber Valley) (Con): Can the Minister tell my constituents who work hard and have no chance of achieving a £20,000 index-linked guaranteed pension what level of contributions they would have to pay to their own scheme to get that level of pension?

Mr Maude: As has been said, to achieve the same pension as many public sector workers will continue to enjoy after these reforms are put in place, many people working in the private sector would end up having to pay no less than a third of their salary in pension contributions. These are good pension schemes. They will continue to be good pension schemes. We want them to be so.

Chris Bryant (Rhondda) (Lab): I know that those on the Government Benches want to denigrate trade unions, but I am proud of being a trade unionist. I first joined a trade union when I was a vicar, though it was always a bit difficult to strike, because nobody noticed and it was difficult to identify who one's employer was. What angers many public sector workers is that, even where there are pension funds, as the Minister admitted today, the extra 3% that is being asked for is not going into those funds. It is going straight to the Government. That is what makes it feel like a raid on public sector workers.

Mr Maude: I feel confident that if the hon. Gentleman was on strike today, we would definitely miss him. I commend him, as a member of a trade union, for having crossed the picket line today to come to work. The issue he raises is where the extra contribution is going. He fails to understand that these schemes, for the most part, are not funded schemes. What is not paid by staff towards the cost of their pensions is picked up by the general taxpayer. And I say again—I assume this is the basis on which the shadow Chancellor said this morning that further reform of public sector pensions is needed—that whatever is not paid by staff is picked up the taxpayer, and that all the extra cost in the past 10 years, which has risen by a third—an extra £10 billion a year—has fallen on the general taxpayer. That is why we need a fairer balance.

Priti Patel (Witham) (Con): With only a third of union members voting for today's strike action, does my right hon. Friend believe that today's action is justified?

Mr Maude: I do not think that on any basis today's action is justified. First of all, there are negotiations going on almost on a daily basis, as I said. Secondly, certainly in the biggest trade unions, a very low proportion of the members who were balloted voted. In Unison, for example, only a little over a quarter of the members balloted voted. In all the large unions, it was somewhere between a quarter and a third. That does not amount to very much of a mandate for strike action. I think it was irresponsible and I wish it had not happened.

Mr David Hamilton (Midlothian) (Lab): Some on the Government Benches, when they are baying against the unions, should understand the history. It was the Thatcher Government who gave us the political levy, and that decision allows individual trade unionists to pay the levy to the Labour party. I want to try to be helpful. The reason that we are having the dispute today, apart from all the obvious arguments about the cut taking place by the Government, is that when a union holds a ballot, it has a finite amount of time before it has to take industrial action. If the Government did away with that stupid rule, which was brought in by the Thatcher Government, we would have been able to continue negotiations. Is that not correct?

Mr Maude: I start by saying that we are in continuing negotiations. There will be negotiations tomorrow, the day after, next week and the week after, so negotiations are continuing. I agree with the hon. Gentleman that the way the law works at present creates a perverse incentive for unions to take action. We suggested a number of ways in which the mandate could be kept open. For example, in order to keep a mandate open but not inconvenience the public, the National Union of Rail, Maritime and Transport Workers has called a two-hour strike in the middle of the night. In the Royal Mail, the Communication Workers Union has occasionally called five-minute strikes in order to keep a mandate open. It was not necessary, in order to keep this mandate open, for the unions to call a full strike. I am happy to say that most of their members have ignored the call.

Andrea Leadsom (South Northamptonshire) (Con): Mr Speaker, I hope you will not think it unparliamentary language if I say that I am gobsmacked by today's strike action. If anybody is responsible for the biggest attack on our pensions ever, it was the previous Government, who raided our private sector pensions. There were no strikes then. That has left the private sector with very little in their pensions. Does my right hon. Friend think the time is right to look again at the ten-minute rule Bill introduced by my hon. Friend the Member for Esher and Walton (Mr Raab) suggesting that a minimum level of turnout should be required for any ballots on future strikes, particularly under the circumstances, which are so unbalanced towards the private sector?

Mr Maude: I am aware of the motion, and I am aware of the case having been made by the CBI, among others, for such a change in the law. We think that the law can work well and we do not see any priority for making changes along those lines, but every time a strike is called on the basis of a very low turnout in a ballot, those advocates for change will feel that their hand is strengthened.

Tony Lloyd (Manchester Central) (Lab): The House will understand why the Minister has wriggled so consistently on this question of part-time workers on below £15,000, who will be paying the 3%. Can he explain to the people who will be paying that why they have to pay 3% income tax while the bankers' bonuses are left untouched?

Mr Maude: I remind the hon. Gentleman that under the scheme put in place by the Labour Government, there would have been an increase of £1 billion in the contribution paid by public sector staff towards their pensions in April next year in any event. The proposal we are making is only slightly ahead of that, and we are exempting large numbers of low-paid workers from the effects of it. I repeat that 750,000 low-paid public sector workers will have no increase in their contributions as a result of the specific protections that the coalition Government have put in place.

John Glen (Salisbury) (Con): Given that only one in 10 low-paid private sector workers could afford anything like the pension arrangements for comparably paid people in the public sector, does my right hon. Friend agree that urgent reform is necessary if we are to have anything like fairness for all?

Mr Maude: In his report, Lord Hutton made it clear that he did not want public sector pension reform to be a race to the bottom, and we totally agree with that. We want as many people as possible to have access to a decent pension in retirement, but we want the public sector pensions that persist after reforms have been put in place to continue to be decent pensions that are sustainable for the long-term future. That is what we are aiming at, and that is what we will achieve.

Mr David Anderson (Blaydon) (Lab): In relation to turnout, could the right hon. Gentleman reflect on the fact that only 39% of his constituents voted for him and only 27% of the constituents of the Chief Secretary to the Treasury voted for him? We do not need any lectures about turnout. Notwithstanding the confidentiality of some of the negotiations, will the Minister put in the Library a document showing exactly where we are with the negotiations and, in particular, where we are with the local government negotiations, where, as far as I am aware, no offer has been made?

Mr Maude: My right hon. Friend the Chief Secretary came and stood at the Dispatch Box on 2 November and made an offer. What is going on in the discussions on the four schemes is that the elements that he announced are being worked over, in conjunction with the unions, to work out what the best configuration is for the future. All these work forces are different—they have different salary profiles, different demographics, different age profiles—and the right arrangement of those moving parts within each scheme will also differ. That is where the negotiations are taking place, in order to arrive at the right agreed outcome. That is happening at the moment, so the idea that no offer has been made is completely irrelevant and immaterial.

Justin Tomlinson (North Swindon) (Con): If we fail to make sustainable reform, to what extent will future generations be liable?

Mr Maude: My hon. Friend makes the right point. If the reform goes through, as it will, this will be a settlement for a generation and future Governments will not have to come back, as we have had to do to clear up the mess left by the last Government, who bottled it. If there is no sustainable reform, the burden on future generations will be significant. We cannot have a position where an ever smaller working population continues to pay for the pensions of an ever larger retired population. People are living longer. Life expectancy is rising every year. A 60-year-old today can expect to live for 10 years longer than could a 60-year-old in the 1970s. It is absurd to suppose that we can have the same retirement age today as we had then.

Several hon. Members *rose—*

Mr Speaker: Order. It is also absurd to suppose that we can accommodate everyone unless questions and answers are significantly shorter.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): The Minister has consistently refused to address the issue of low-paid part-time workers and the extra contribution they will have to make on a pro rata basis. Does he deny that those people—many of them the lowest-paid women working in the public sector—will be more affected than others?

Mr Maude: I have to remind the hon. Lady that the basis on which we have made these arrangements is precisely the same as the basis on which the Government of whom she was a member was planning to reform, and indeed reforming, public sector pensions.

Margot James (Stourbridge) (Con): In view of the fact that a private sector worker would have to contribute, on average, a third of their salary in order to get a similar pension to a public sector worker, and that without reform the public pensions bill would cost an additional £7 billion in borrowing, may I urge my right hon. Friend not to compromise any further on the generous offer that he has already made?

Mr Maude: We have made a generous offer. It means that many people in the public sector, especially those on lower and middle incomes, will be able to retire on a pension at least as good as they can expect at the moment. But we have said that that offer was conditional on there being agreement, so we want the discussions in the schemes to continue even more intensively than they have been already so that we can give effect to that offer.

John Cryer (Leyton and Wanstead) (Lab): Public sector workers will have to work longer and get less out of their pension schemes while, this year alone, bankers walked away with £7 billion in bonuses. I know that the Minister will say that he cannot do anything about that, but does he think that it is fair?

Mr Maude: As my right hon. Friend the Chancellor made clear yesterday, more will be got out of the banks than was the case under the Labour Government, who made such an enormous fuss about this. Public sector pensions will continue to be extremely generous, and that is what we want.

Laura Sandys (South Thanet) (Con): I commend the immigration contingency plan. My husband came through Heathrow very smoothly at 6 o'clock this morning. There was a lack of enthusiasm for the mandate for this strike. Will my right hon. Friend update us on exactly how many people are taking industrial action, as enthusiasm for being on strike today seems not to reflect the unions' enthusiasm for this event?

Mr Maude: I am delighted that my hon. Friend's husband had an easy ride. There are reports that, at some airports, the service is better than it usually is. I commend all those immigration staff who have come to work as normal and all of those who have, in a public-spirited way, volunteered to help to ensure that the borders are secure and that disruption is kept to an absolute minimum.

Emma Reynolds (Wolverhampton North East) (Lab): Will the right hon. Gentleman confirm that a community nurse working two days a week on an extremely low salary of £10,000 a year will have to pay the 3% surcharge? If that is the case, does he think that it is fair?

Mr Maude: Unlike the Labour Government, we are tiering the increases in contributions in a progressive way so that people on the lowest pay are protected and those on highest pay will pay most. We think that that is a fair way of doing it. Someone who is working part-time, on a full-time equivalent salary of between £15,000 and £21,000, will have their increase in contributions capped at 1.5%. If it is below £15,000, they pay nothing more. We think that is fair. The full-time equivalent basis about which she is complaining is what her own Government put in place.

Charlie Elphicke (Dover) (Con): As a former private sector worker, I know how many people will be wondering, given the irresponsible nature of these strikes, why £113 million of Government money is paid to the unions. Would it not be better used on body armour for our troops in the field, or on looking after sick babies in our hospitals by improving intensive care?

Mr Maude: It is entirely correct that a large amount of taxpayers' money is effectively used to pay for full and part-time union officials. There can be perfectly good justification for some of that, in order to sort out local disputes quickly and effectively, but that there should now be 260 full-time union officials on the civil service payroll is really hard to justify, and we are reviewing it.

Sammy Wilson (East Antrim) (DUP): I regret the trade union action while negotiations are going on, and the Northern Ireland economy can ill afford the cost of this. Will the Minister confirm that the offer on the table is not a final offer and that, in ongoing negotiations, he will consider the impact on low-paid part-time workers and the appropriateness of raising the pension age for people who are engaged in physical activity, such as firemen?

Mr Maude: We absolutely take those points on board. I, too, regret the additional disruption that there is today in Northern Ireland, where the whole public transport system has come to a halt. As the hon. Gentleman says, the Northern Ireland economy can ill afford that kind of disruption. There is a great deal of flexibility within the negotiations. There are a lot of moving parts and they will be put together in different combinations in different schemes. We are very much aware of concerns of the sort that he raises.

Jane Ellison (Battersea) (Con): The move to basing pensions on a career average is good news for very many women. Does my right hon. Friend share my frustration that Labour Members seem so determined constantly to portray women as victims rather than take pride in this important move?

Mr Maude: My hon. Friend is completely right. The move from final salary to career average schemes is of particular benefit to a lot of women, who, as has been said, form the majority of the public sector work force. Many women will have taken a career break and so their final salary will provide a less good basis for a good pension than the career average, which is what we seek to put in place.

Paul Blomfield (Sheffield Central) (Lab): The Minister has repeated an assertion made by the Prime Minister that workers on low and middle incomes would get a larger pension at retirement than they do now. Does he accept, as has been widely reported, that that is contradicted by the Government's own pensions calculator and that, for example, a worker on an average wage of £26,000 retiring with accrued service of 10 years at this point, whether at 60 or 67, would have a substantially worse pension despite the additional contributions?

Mr Maude: I do not believe that that is the case. Public sector workers on middle and lower incomes will be able to retire—albeit many of them later than they currently expect and having paid more towards it; we are perfectly open about that—on a pension that is at least as good, and many of them will be able to retire on a better pension than they currently expect.

Jonathan Evans (Cardiff North) (Con): Does my right hon. Friend share my concern that very many of those who are engaged in industrial action, including many of my constituents—half my constituents work in the public sector—are completely unaware of the offer that he has made in relation to defending accrued rights of all pensioners up to the date of change, and of the significant improvement in accrual rates announced by the Chief Secretary, which gives the lie to the claim that we have just heard from the Labour Benches?

Mr Maude: My hon. Friend is completely right. We have done our best to get the details of the offer through to members of the public sector staff directly and to correct the misleading indications given by some trade union leaders, which I deeply regret. He is absolutely right to draw attention to the commitment we have

[Mr Maude]

made that all accrued rights are protected. What has been paid for up until now will be honoured in full.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): The Minister said recently that the north-east is heavily dependent on the public sector, and the loss of a day's pay means less spending power in the north-east economy. That will impact on the economy, for sure. What does he believe will happen after he has sacked 700,000 public sector workers? Is it not the case that, whether someone took strike action today or not, they will probably not have a job?

Mr Maude: I am really sorry that the north-east economy is going to take a bigger hit than other parts of the economy because the Tyne and Wear metro has been closed down, completely unnecessarily. I hope that the hon. Gentleman will join me in strongly condemning that irresponsible strike action, which will have inflicted damage on the economy of the north-east and inevitably led to there being more job losses than would otherwise be the case.

Esther McVey (Wirral West) (Con): Does the Minister agree that unions are important organisations that have to get the right and fair deal? This morning I was on Radio Merseyside with Frank Hont from Unison, and we both agreed that it had to be a fair deal, but a fair deal for private sector workers, for public sector workers, for the taxpayer and for future generations, putting pensions on a fair and sustainable footing for the future.

Mr Maude: I totally agree with my hon. Friend. I can confirm that for most of the time we have been conducting these negotiations, the union leaders and the TUC have been behaving in the way that trade unions should in representing their members in a tough and effective way. Where they have gone wrong is in holding ballots and calling a strike at a time when negotiations are still continuing and we are making progress towards a settlement that is fair for taxpayers generally and very fair for public sector workers.

Albert Owen (Ynys Môn) (Lab): I respect the right of workers in the private or public sector to take legal strike action; that used to be the position of the Conservatives and, indeed, the Liberals. As the Minister will know, some teachers are taking strike action for the first time. On Friday I met a delegation who said that the teachers' pension scheme has not been valued, that there is a surplus in it, and that the Government are refusing to review the scheme. Will he publish the valuation of that scheme, which they say is in surplus and is not costing the taxpayer money?

Mr Maude: That is wrong in so many ways that it is hard to know where to start. The hon. Gentleman talks as though there is a surplus in a fund. I am sorry to break this to him, but there is no fund. Teachers' pensions are being paid for by contributions paid predominantly by the taxpayer. There is not a surplus; there is no fund whatsoever. We have to get a better balance between what teachers themselves pay towards their pensions and what the wider taxpayer pays, and that is what we will do. However, there will still be more paid by the wider taxpayer than by teachers, and we support that too.

Gavin Barwell (Croydon Central) (Con): I join my right hon. Friend in thanking public sector workers who, despite being angry about pay freezes and pension changes, are serving the public today.

Further to the point made by my hon. Friend the Member for Cardiff North (Jonathan Evans), a Labour councillor in my home town today told public sector workers that the money saved is going to be used to bail out the banks. What more can the Government do to make sure that people get told the truth about why these changes are being made and the detailed nature of the offer?

Mr Maude: We will do everything we can. We have communicated directly with civil servants because the Government are their employer and we can do that very directly. It is much more difficult to communicate directly with all teachers and people working in the NHS, because they are employed by a wide range of different, dispersed employers. However, the fact is that most public sector workers—more than three quarters—have ignored the call to take part in this irresponsible strike, and I warmly commend them for doing so.

Richard Burden (Birmingham, Northfield) (Lab): I put it to the Minister that the willingness to negotiate has got to be a bit more than the willingness to attend meetings. A while ago, Ministers said that the offer was "final". Is it a final offer or not; and, specifically, will the Minister negotiate around the 3%?

Mr Maude: We have made it clear that if, in the discussions within the sectors, there can be alternative ways of delivering the savings that are needed in the comprehensive spending review period, we will consider those suggestions. However, no such suggestions have been made. I am grateful to the hon. Gentleman for at least conceding for the first time from the Labour Benches that negotiations are continuing and making progress. There are still a lot of moving parts, and we need to discuss how they are put together to achieve a fair and sustainable result. I hope that we can continue to intensify that process and make further progress after today's irresponsible strike action.

Stephen Mosley (City of Chester) (Con): Will the Minister confirm that in return for paying a little bit more and working a little bit longer, many public sector workers will still be able to retire at 55, and that many low-income and middle-income earners will receive higher pensions under the Government's proposals than they do currently?

Mr Maude: That is the case. We are absolutely clear that people who, in April next year, will be within 10 years of their expected retirement date will see no change to their retirement age. There are some who are currently looking to retire at 55, and if they are within 10 years of that retirement date, that will be honoured and their pension will be paid in exactly the same way that is envisaged at the moment.

Derek Twigg (Halton) (Lab): The Minister says that he has huge respect for public sector workers, but at the same time his Government are sacking tens of thousands of them. Regarding lower-paid part-time women workers, will he put in the Library some examples of the impact that the change from RPI to CPI has had on their pensions?

Mr Maude: We have made available a huge range of information about the effects of the changes to public sector pensions, and there will continue to be more as the negotiations make further progress in the weeks ahead.

I just want to make this point about the job losses. I very much regret that there will continue to be job losses in the public sector. If we had not inherited the biggest budget deficit in the developed world from the Government of whom the hon. Gentleman was a member, those jobs would not be at risk today.

Richard Graham (Gloucester) (Con): The Minister knows that I, as one who has worked in the civil service and as the brother and son of teachers, have huge respect for people who work in public service. However, I also believe that many teachers and nurses in my constituency have been woefully misinformed about the details of a complex pension proposal by their unions and by statements from the Labour party. Will he clarify, once and for all, for all hon. Members and for my constituents in Gloucester, that the lowest paid 15% of the work force who are on less than £15,000 a year—about 750,000 people, of whom 85% are women—will pay no extra contributions and will receive a better pension than the one they now receive, inherited from the previous Government?

Mr Maude: I can confirm that and add that many of the lowest paid in the public sector will pay no more towards their pension. When the basic state pension is added on top of the occupational pension, they will be able to retire on a bigger income than they were earning while they were employed.

Ms Margaret Ritchie (South Down) (SDLP): What discussions has the Minister had with ministerial colleagues in the Northern Ireland Executive about building stable industrial relations, which would contribute to the local economy, rather than allowing them to undermine low-paid public sector workers who have higher costs to pay for everyday essentials?

Mr Maude: It is the responsibility of all the devolved Administrations to make their own arrangements and conduct their own industrial relations. We conduct our own approach to industrial relations, which involves very intensive discussions with the trade unions that are continuing on an almost daily basis.

Chris Kelly (Dudley South) (Con): Further to the answer that my right hon. Friend gave the hon. Member for Birmingham, Northfield (Richard Burden), does he agree that it is disingenuous of militant trade union leaders to claim that there have been no recent negotiations when he has explicitly confirmed in his most illuminating statement that talks continued until only yesterday?

Mr Maude: I confirm talks yesterday, talks tomorrow, talks the day after. These will continue and they need to intensify so that we can reach a conclusion.

Chris Williamson (Derby North) (Lab): Why do the Government so despise public sector workers such as nurses, doctors, teachers and street care cleaners as to impose a swingeing tax increase when the contributions to pension funds exceed their liabilities? The local government pension fund has an annual surplus of £4 billion to £5 billion. How is that fair and how can he justify it?

Richard Graham: On a point of order, Mr. Speaker.

Mr Speaker: Order. The hon. Gentleman must calm himself. There will be an opportunity for points of order, but it does not arise in the middle of a statement.

Mr Maude: Far from having the views about public sector workers that the hon. Member for Derby North (Chris Williamson) wrongly attributes to me, all of us in this House have dedicated ourselves to public service. We know that this is an honourable calling and we know how dedicated are the 6 million public sector workers. I commend the 75% to 80% of public sector workers who have ignored the irresponsible call for strike action and gone to work today as usual.

Mr Philip Hollobone (Kettering) (Con): Will my right hon. Friend take this opportunity to praise those ordinary, hard-working trade unionists in Kettering who have crossed picket lines today to go work to serve members of the public and refused to believe the misleading advice they get from their overpaid, hot-headed trade union bosses, who are itching for a fight with the Government?

Mr Maude: I am afraid that there are some trade union leaders who seem to be absolutely hellbent on confrontation and industrial action. We absolutely did not want that and I join my hon. Friend in commending those of his constituents who are trade union members but who have ignored the call to strike, crossed the picket lines and gone to work to serve the public, as is their vocation.

Kate Green (Stretford and Urmston) (Lab): As a trade union member, I place on record that I am here this afternoon specifically to represent in Parliament the concerns of my constituents who are trade union members, as they wish me to do. In the light of the news yesterday of a further restriction on pay increases in the public sector, they are particularly concerned about how they are to meet the additional 3% cost. Will the Minister say if there is an opportunity for meaningful negotiation around the timing as well as the rate of any increase in contribution?

Mr Maude: As I said earlier, we have made it clear that the savings that have been baked into the spending settlement for the comprehensive spending review period need to be delivered. If the discussions produce alternative ways of delivering those savings, we have said that we are open to hearing them. We have not heard any yet. Of course the hon. Lady is entitled to represent the interests of her trade union member constituents. I

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hope that she will also represent the interests of all those in the private sector who pay their taxes, which pay for the lion's share of the public sector pensions that public sector workers will continue to enjoy.

Harriett Baldwin (West Worcestershire) (Con): On the questions that the hon. Member for Nottingham South (Lilian Greenwood) and others asked about part-time public sector workers, does the Minister agree that the responsible conversation to have with them is to say, "Don't protest. Do pay an extra 3%, because you are getting in return for that a pension that would cost you 38% to buy in the real world"?

Mr Maude: My hon. Friend is right. The public sector is as much the real world as any other, but in the private sector, staff would have to pay a very significant part of their salary—more than a third—in contributions to buy pensions as good as these. We want these to continue to be among the very best pension schemes available. That is why we are pushing forward these reforms, with a settlement for a generation, so that future Governments will not have to clear up the mess the last Government left behind.

Susan Elan Jones (Clwyd South) (Lab): Does the Minister agree that it is fair and legitimate for the wider British public to know when he personally took part in negotiations with unions? I heard what he said earlier, but in the interests of transparency, should he not publish this information?

Mr Maude: I say again to the hon. Lady that there are formal negotiations on a continuing basis within the schemes. There are many informal contacts that happen on a continuing basis. Those are kept confidential, not at my request but at that of the TUC, and I will continue to honour that.

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): The Minister seems to have given my hon. Friend the Member for Stretford and Urmston (Kate Green) an answer on the 3% different from that given by the Chief Secretary to the Treasury. Can he confirm that he is willing to negotiate on the 3%?

Mr Maude: What I said, and what my right hon. Friend the Chief Secretary to the Treasury said as well, was that the savings that are represented by the average increase of 3.2% must be delivered. If there are other ways of delivering it, we are willing to listen to them, but no suggestions have been made. In the absence of suggestions about how those savings can be delivered by other means within the pension schemes, we are requiring that those contribution increases will be made, but with protection for lower-paid workers.

Huw Irranca-Davies (Ogmore) (Lab): I am dismayed by the Minister's statement today that the low response to the call for strike action reflects the dedication of those who did not vote for it to their public service calling. That clearly implies that those who voted in favour do not have the same dedication. Does that apply to the 57% of the health care physios' union, the near 50% of the Royal Society of Radiographers and other health professional organisations that voted in the same proportions? Those figures relate to the total work force, not the turnout in the vote. Does he feel that they are in any way at all not as dedicated?

Mr Maude: I did not make the distinction that the hon. Gentleman suggests. All I am saying is that in the public sector work force of nearly 6 million people, over three quarters have gone to work today and ignored the irresponsible call to strike action. If I am going to discriminate between those who have gone to work to follow their public service calling and those who followed the irresponsible call to strike action, then I commend those who have gone to work over those who have gone on strike while negotiations are continuing.

Mr Frank Roy (Motherwell and Wishaw) (Lab): The Minister knows that he is accountable to Parliament—full stop. He is treating Parliament with contempt by not telling Parliament when he—when he—last met trade union organisations. Will he now set the record straight?

Mr Maude: I urge the hon. Gentleman, if his enthusiasm to know the details of confidential discussions is so intense, to call Brendan Barber and ask him.

Jonathan Ashworth (Leicester South) (Lab): Does the Paymaster General not recognise that many public sector workers taking industrial action today do so reluctantly, with a heavy heart and because they feel that what is on offer is simply not fair? May I press him a little further on his answers to my hon. Friends the Members for Birmingham, Northfield (Richard Burden) and for West Dunbartonshire (Gemma Doyle)? Is he now saying that he is definitely prepared to countenance meaningful negotiations on the 3% increase?

Mr Maude: I have made it as clear as I possibly can, but I will say it again: the savings represented within the pension schemes and within the comprehensive spending review period by an average 3.2% increase in contributions must be delivered. We have made that clear.

We have made it clear also that we are willing to entertain suggestions on how those savings can be delivered in other ways. We have heard no such suggestions, so those contribution increases—the first of which will go through in April, and which are actually of the same order of magnitude as those that would have gone through under the previous Government's reforms in any event—will go ahead.

British Embassy (Tehran)

1.41 pm

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): With permission, Mr Speaker, I should like to make a statement about events in Tehran.

Shortly after 3 o'clock Tehran time yesterday, approximately 200 demonstrators overran the city-centre compound of our embassy in Tehran. The majority of demonstrators were from a student Basij militia organisation. We should be clear from the outset that that is an organisation controlled by elements of the Iranian regime.

The demonstrators proceeded systematically to vandalise and loot the homes of staff located on the site and the ambassador's residence. They destroyed furniture, stole property, including the personal possessions of our staff, and set fire to the main embassy office building.

Simultaneously, our second embassy compound at Gulhaq in north Tehran also came under attack, and staff homes there were also attacked and looted. Our staff immediately evacuated the buildings affected and took refuge in safe areas of the compound. It was not until yesterday evening that we received confirmation that the Iranian diplomatic police had belatedly assisted at both compounds, and that all our staff were accounted for.

I wish to pay a fulsome tribute to our ambassador and his staff, who throughout those hours of danger behaved with the utmost calm and professionalism and followed well developed contingency plans. The Prime Minister and I have spoken to him several times in the past 24 hours and passed on our thanks to the UK-based and locally engaged members of his team.

It will be obvious to the whole House and the whole world that these events are a grave violation of the Vienna convention, which states that a host state is required to protect the premises of a diplomatic mission against any intrusion, damage or disturbance. This is a breach of international responsibilities of which any nation should be ashamed.

It is true, of course, that relations between Britain and Iran are difficult, as they are to varying degrees between Iran and many other nations. We publicly differ with Iran over its nuclear programme and on human rights, and we make no secret of our views. We have been foremost among those nations arguing for peaceful legitimate pressure to be intensified on Iran in the light of the International Atomic Energy Agency's "deep and increasing concern" about the Iranian nuclear programme, including its "possible military dimensions".

But we should be absolutely clear that no difficulty in relations can ever excuse in any way or under any circumstances the failure to protect diplomatic staff and diplomatic premises. Iran is a country where Opposition leaders are under house arrest, where more than 500 people have been executed so far this year and where genuine protest is ruthlessly stamped on. The idea that the Iranian authorities could not have protected our embassy, or that this assault could have taken place without some degree of regime consent, is fanciful.

Yesterday, I called the Iranian Foreign Minister to protest in the strongest terms about the events and to demand immediate steps to ensure the safety of our staff and of both embassy compounds. He said that he was sorry for what had happened and that action would be taken in response. The Iranian chargé d'affaires in London was summoned to the Foreign Office to reinforce those messages, and Cobra met yesterday afternoon and again this morning with the Prime Minister in the chair.

The UN Security Council issued a statement condemning the attack on our embassy in the strongest terms and calling on the Iranian authorities to

"protect diplomatic and consular property and personnel".

I am grateful for the strong statements of concern and support from the United States, the European Union, Germany, Poland, Russia, China and many other nations. I particularly wish to thank France for the robust support that it has given us in every way, and for the practical assistance and accommodation that it has provided to our staff in Tehran.

Throughout Europe, Iranian ambassadors have been summoned to receive strong protests. In the words of the Foreign Minister of Austria:

"With the attack on the British Embassy, Iran is now on the verge of placing itself completely outside of the framework of international law. If Iran thinks it can undermine European solidarity through such actions, it is wrong."

I am grateful to our other friends in the region itself, and particularly to the United Arab Emirates for its practical help. I am grateful also to the Foreign Minister of Turkey for his prompt and helpful intervention in these matters last night.

The safety of our staff and of other British nationals in Iran is our highest priority. We have now closed the British embassy in Tehran. We have decided to evacuate all our staff, and as of the last few minutes, the last of our UK-based staff has now left Iran.

We will work with friendly countries to ensure that residual British interests are protected and that urgent consular assistance is available to British nationals. We advise against all but essential travel to Iran. At present, there are no indications that British nationals outside the embassy are being targeted in any way. Those requiring urgent consular assistance will receive help from other EU missions in Tehran.

But that clearly cannot be the end of the matter, and the next few paragraphs of my statement are not in the written version being circulated to the House, because the timing of this announcement had to be consistent with the safety of our staff.

The Iranian chargé in London is being informed now that we require the immediate closure of the Iranian embassy in London, and that all Iranian diplomatic staff must leave the United Kingdom within the next 48 hours. If any country makes it impossible for us to operate on their soil, they cannot expect to have a functioning embassy here. This does not amount to the severing of diplomatic relations in their entirety. It is action that reduces our relations with Iran to the lowest level consistent with the maintenance of diplomatic relations.

The House will understand that it remains desirable for British representatives to be in contact with Iranian representatives—for instance, as part of any negotiations

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about their nuclear programme or to discuss human rights—but it does mean that both embassies will be closed. We wish to make it absolutely clear to Iran and to any other nation that such action against our embassies and such a flagrant breach of international responsibilities is totally unacceptable to the United Kingdom.

Later today and tomorrow I will attend the meeting of the EU Foreign Affairs Council in Brussels, when we will discuss these events and further action that needs to be taken in the light of Iran's continued pursuit of a nuclear weapons programme.

As a permanent member of the UN Security Council and a leading member of the European Union, we are proud of the role that our country plays in maintaining international peace and security and in standing up for human rights all over the world. If the Iranian Government think that we will be diverted from those responsibilities by the intimidation of our embassy staff, they will be making a serious mistake.

Mr Douglas Alexander (Paisley and Renfrewshire South) (Lab): I thank the Foreign Secretary for his statement and for allowing me advance sight of it. It is indeed right that we address the issues of the assault on the British embassy in Tehran along with other important business before the House today.

I, of course, begin by expressing my clear and unequivocal condemnation of the deplorable attacks that we witnessed yesterday in Tehran, and associate all Opposition Members with the words yesterday of the Foreign Secretary and of the Prime Minister on the issue.

Let me deal with the welfare of the UK diplomatic staff. I commend the British ambassador and his whole team on their handling of the situation and the unyielding professionalism and, indeed, bravery that they have shown at this extremely difficult time. Our thoughts are also with the staff and the families who were affected by yesterday's assaults. Are appropriate steps being taken to safeguard locally engaged staff who have supported UK-based staff during the period in which the British embassy in Tehran has been operational?

With regard to responsibility for the assault, the Iranian Government clearly failed to take adequate measures to protect our embassy, our staff and our property. Their international responsibilities, including those under the Vienna convention, are well established. The demonstrations were co-ordinated, not coincidental, and the suggestion that the regime, or at least elements within it, were unaware of some of the actions stretches credulity. I welcome the right hon. Gentleman's confirmation that he immediately summoned the Iranian chargé d'affaires to the Foreign Office yesterday and the condemnation issued by our colleagues in the European Union and the UN Security Council.

Let me turn to the context and consequences of yesterday's events. The backdrop was the unequivocal International Atomic Energy Agency report published earlier this month, which made it clear that there is accumulating evidence for the possible military dimensions of Iran's nuclear programme. In response to the report, the UK, along with Canada and the United States, sought to increase peaceful diplomatic pressure on Iran, and only last week the Chancellor announced the severing of all ties with Iranian banks, including the Central Bank of Iran. As a result of these measures, the Iranian Parliament approved a Bill three days ago requiring Iran and Britain to withdraw their ambassadors and downgrade the status of the two countries' diplomatic ties.

That was the immediate context of yesterday's assault, but what about the consequences? As we have just heard, British diplomats are thankfully on their way home and the embassy has been closed. The Foreign Secretary has just informed the House that, in response to the events, the Iranian chargé d'affaires has been told to leave the UK and Iran's embassy in London will be closed forthwith. The safety and security of UK diplomatic staff and other UK nationals must be a paramount consideration, but can the Foreign Secretary set out how dialogue will be maintained in the light of these developments? If the effect of yesterday's events is to extinguish dialogue—albeit that dialogue on human rights and the nuclear dossier is proving extremely difficult at present—the elements within the regime that seek conflict and confrontation would be strengthened. In the light of the diplomatic changes, what mechanisms for dialogue will remain open?

The Opposition agree that Britain's national interest is best served by pursuing a twin-track approach to Iran and its nuclear ambitions, so will the Foreign Secretary be a little clearer when he responds on how the first part of that approach, the engagement strategy, will continue in the light of the downgrading of diplomatic relations? Does he agree that, notwithstanding yesterday's truly deplorable assault on the embassy, a clear-eyed sense of Britain's national interest would resist in the weeks ahead a descent into ever more bellicose rhetoric and instead seek to find new means of taking forward the difficult but necessary dialogue? Does he also agree that in that dialogue we must be clear that such deplorable assaults on our embassy will not and must not alter our determination to take forward the diplomatic work with others in the international community to ensure that Iran upholds its responsibilities and obligations under international law?

Finally, will the Foreign Secretary consider returning to the House in the weeks or months ahead to make a more wide-ranging statement on Iran in calmer times and the approach that the Government now intend to take, given not only the immediate events and their consequences, which he has rightly come to the House to address, but the stalled progress on the E3 plus 3 process and the growing anxiety about Iran's nuclear ambitions?

Mr Hague: I am grateful to the right hon. Gentleman, who has joined in the condemnation of these completely unacceptable acts and the commendation of our ambassador and his staff. He asked about the locally engaged staff. Other than security staff, locally engaged staff were not in the embassy compound yesterday because, in anticipation of the demonstrations, we had asked them not to come to work, so they were not involved in the violence and danger. We will, of course, look after them financially and have a continuing concern for their welfare, although it must be pointed out that, as former Foreign Secretaries will remember, our locally

engaged staff in Tehran have unfortunately always been at some degree of risk because of previous unacceptable behaviour by the Iranian regime.

The right hon. Gentleman is right to remind us of the wider context of the IAEA report and the action the Chancellor announced last week to sever financial links between our financial institutions and those of Iran. He asked how dialogue is to be maintained. Clearly these events make that more difficult. We do not take such decisions at all lightly, but after the events we have come to the conclusion that no assurance the Iranian regime could deliver on the safety of our staff could be believed. We have an overriding duty of care for those staff.

It is still possible in other forums to pursue dialogue with Iran where appropriate and meaningful. We are part of the E3 plus 3 process—the six nations that wish to negotiate with Iran over its nuclear programme—as is the United States, which does not have an embassy in Tehran. We meet the Iranians at various multilateral forums and organisations. I met the Iranian Foreign Minister at the UN General Assembly earlier this year. As I have said, we are not advocating the severing of all diplomatic relations. It is important that dialogue about these issues can continue, but it is not possible to maintain an embassy under these circumstances and in the light of these threats and actions.

The right hon. Gentleman asked about bellicose rhetoric. Of course, that is something that comes from Iran, not the United Kingdom. We heard that on Sunday in the Iranian Parliament there were chants of, "Death to Britain", and it is unimaginable that we would ever treat any country in that way in our deliberations here in the House of Commons. It is the bellicose rhetoric coming from Iran that should come to an end. I am of course open to making other statements to the House in future and more wide-ranging considerations of our future policy towards Iran.

Richard Ottaway (Croydon South) (Con): I share the Foreign Secretary's sense of outrage and welcome his statement and the steps he is taking. Iran is propping up the regime in Syria, undermining peace efforts in Iraq and Afghanistan and supporting terrorism in a number of arenas around the world. Does he agree that there is only one language these people understand: the language of the firmest possible action? Yet does he agree that we must somehow maintain a degree of dialogue somewhere along the line?

Mr Hague: My hon. Friend is right that there have been no rewards for anything other than firm dealings with Iran. Many efforts have been made to induce the Iranians into a more substantial dialogue than we have enjoyed in recent years. The right hon. Member for Blackburn (Mr Straw), when Foreign Secretary, made valiant efforts to do so, to which we should pay tribute, but his efforts and those of other European Foreign Ministers have not been successful at any stage. It is important to respond firmly to such provocations and attacks, but to continue to seek meaningful negotiations on the nuclear programme, and that remains our position.

Mr Jack Straw (Blackburn) (Lab): As co-chair of the all-party group on Iran, alongside the hon. Member for Wyre and Preston North (Mr Wallace), and as a former Foreign Secretary who sought better relations with Iran, as the Foreign Secretary has kindly noted, and who went to Tehran five times in pursuit of that, I begin by entirely endorsing his praise for our brave and skilful diplomats and the outrage we all feel at the Iranian Government's egregious breach of their obligations to protect all diplomatic embassies and posts and their palpable failure to do anything, which they could easily have done, to protect the embassy against the organised demonstration. I appreciate just how difficult it is to make such decisions when faced with them, rather than having just to comment on them, but when the Prime Minister and the Foreign Secretary were thinking about the decision to sever all relations, how far did the Foreign Secretary consider the irony of the fact that what he believes is justified is exactly what the hard-liners in the Majlis want? Given that we are not talking about a single Government, as the Americans often forget, but a system that is in turmoil, to what extent does he believe that we will now be able to strengthen those, even within the Ahmadinejad regime, who are seeking a better path than that of some of the hard-liners in the Majlis?

Mr Hague: I am grateful to the right hon. Gentleman for what he said about our staff and how they have conducted themselves. He is right to draw attention to the difficulties and downsides of any way of proceeding in this situation. As a former Foreign Secretary, he will know that we must be able to be confident that we can look after our staff, and that assurances of host Governments can be believed. Sometimes our staff continue to operate in very difficult and dangerous circumstances. At the moment, Yemen is an example of that, but even there, where there have been two attempts on the life of our staff in the past 18 months, we do not suspect that parts of the regime there are implicated in attacks on our embassy. That makes life dramatically more difficult, and must be weighed heavily in any balance of the question.

We must also consider that the incident in Iran has happened in currently difficult diplomatic circumstances, but we cannot be confident that those circumstances will not deteriorate further over the next 12 months or so, so we must have regard to what might happen to our embassy in those circumstances. Having considered all those matters, the Prime Minister and I believe it is right to take this action, not to sever all relations, to put the right hon. Member for Blackburn (Mr Straw) right, because it is still possible to have diplomatic contact under what I have set out, but to close both embassies.

Mr Ben Wallace (Wyre and Preston North) (Con): I join the Foreign Secretary in paying tribute to the locally engaged staff and our diplomatic staff, whom I last met at the embassy when I visited in 2008. They have had to endure three incursions into the embassy in the past four years, and this is the most serious and obviously threatening to British interests and property.

The E3 plus 3 works best when it works as one in negotiating with Iran, and withdrawal of our embassy leaves much of the day-to-day contact with the Iranian Government in the hands of the Chinese and Russian E3 plus 3 members. What confidence does the Foreign Secretary have that those two member states will play their full part in ensuring that negotiations with Iran come to a successful conclusion?

Mr Hague: It is not solely the Russian and Chinese embassies that will be there, because the French and German embassies are still in Tehran, although both

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France and Germany are taking very strong diplomatic action in the light of these events. I will not make their announcements for them, but they are outraged by the events and will follow with their own strong diplomatic action. Those countries are still in Tehran, and are an important part of the E3 plus 3 process. Although we have differences with Russia and China, the process is by no means wholly in the hands of those countries.

David Miliband (South Shields) (Lab): I join the Foreign Secretary in his utter condemnation of yesterday's attacks on the embassy and its staff. However, he will know that the Iranian regime loves to trade shows of machismo and enjoys tit for tat, and that parts of it glory in Iran's isolation. In that context, the presence of the British embassy in Tehran for much of the past 30 years has been wholly good, in contrast with the American position. This is a sad day for British diplomacy.

I have two questions for the Foreign Secretary. First, what will he do to ensure that this is not seen as a victory for those in the regime who would seek isolation—the so-called hard-liners? Secondly, what will he do to ensure that this series of announcements does not become part of the unwelcome drum beat of war that started in the last six weeks in respect of the Iranian nuclear programme?

Mr Hague: The international condemnation of Iran, the strong expressions of support for our staff, and the grave concern for what has happened have come from Russia and China, as well as from western nations, our European allies and the United States. Anyone in Tehran who thought they had won a victory in Iran in the light of the world-wide condemnation of the events would be very blinkered. We have been clear, as was the right hon. Gentleman when he was Foreign Secretary, that we are not advocating military action against Iran. We are calling for peaceful, legitimate pressure. It is as part of that peaceful, legitimate pressure that Iran has taken action that breaches international conventions, specifically the Vienna convention.

As I said to the right hon. Member for Blackburn (Mr Straw), we must weigh heavily those considerations and the disadvantages of embassies being closed, but the Government must make a decision, and our decision is that we cannot keep our staff safe in Iran, and its actions are so unacceptable that we have to take a very firm line. On the balance of such matters, we decided to take the action that we have.

Martin Horwood (Cheltenham) (LD): For the Liberal Democrats, I join the condemnation of yesterday's events and support the Foreign Secretary's response. I also express our relief that our staff are now safe, and our admiration for their courage and professionalism.

The Foreign Secretary listed many nations that had expressed concern and support, and included Russia and China. In the international context, does he regard that as a positive development, and perhaps the beginning of the foundation of a more consistent international approach to the regime in Tehran?

Mr Hague: I am grateful to my hon. Friend for all his remarks. His question about whether there is a new development in the international handling of wider issues in Iran is interesting. It is too early to say yes, but I think the events will help to open the eyes of many people throughout the world to the nature and behaviour of the Iranian regime. If it has so little regard for such well established international conventions as the protection of diplomatic premises, one can imagine that it does not have much regard for other international agreements either.

Keith Vaz (Leicester East) (Lab): I join others in welcoming the Foreign Secretary's action. He will know that about 70,000 Iranians live in the United Kingdom. What will be the practical consequences of his decisions? Where will entry clearance operations in Tehran move to now that the embassy is closed? Where will British Iranians who want to visit relatives in Iran make their applications for visas?

Mr Hague: It will of course be more difficult for them, because we will not have a visa section operating in Tehran. Iranian citizens can still obtain visas to come to the United Kingdom, but they will have to obtain them through other hubs of our diplomatic network, specifically Abu Dhabi, or other hubs of the visa network. We will ask another country to act on our behalf in Iran and to look after our interests there, and I imagine that the Iranians will ask a third country to do the same here in London and to provide whatever assistance is required for Iranian citizens here in the UK.

Mark Pritchard (The Wrekin) (Con): Is it not the case that President Ahmadinejad could do well to learn from Persian history, in particular King Cyrus, who created the first charter on human rights, which can be seen in the foyer of the United Nations building? He taught all his people the importance of respecting the rights not only of Iranian or Persian citizens but of foreigners.

Mr Hague: Yes. My hon. Friend makes a pertinent historical point. The King in question was rather better at sticking to his agreements than the current Government of Iran.

Mr Speaker: I have just been reminded that the hon. Member for The Wrekin (Mark Pritchard) is a learned and well-read fellow.

Chris Bryant (Rhondda) (Lab): No he is not—Division.

Mr Speaker: I do not know that anyone is as learned or well read as the hon. Member for Rhondda (Chris Bryant).

Chris Bryant: The Foreign Secretary referred to bellicose words. What counts as bellicose words in Iran is rather different from what counts as bellicose words from a Foreign Secretary in the House of Commons. I worry about the tone that the right hon. Gentleman has adopted today. I noted that on the radio a couple of weeks ago he refused to rule out military intervention. Will he do so today?

Mr Hague: No. I always say that all options remain on the table, but I always make it clear, as did the previous Government, that we are not advocating military action against Iran. Our position is the same as that of the previous British Government—the hon. Gentleman was a Foreign Office Minister in that Government—and

the same as that of France, Germany and the United States. It is a united international position, and we continue to adhere to the one to which he subscribed.

Mr John Baron (Basildon and Billericay) (Con): The Foreign Secretary is absolutely right to condemn the sacking of our embassy, which can only serve to inflame tensions generally. Given recent remarks by Israel, and the fact that there was no smoking gun from the recent International Atomic Energy Agency report, will he do what he can to restrain Israel from conducting any form of military strike, which would be catastrophic for the region? If Iran has set its mind on nuclear weapons, it will not be scared away, and if it has not, a military strike will encourage it.

Mr Hague: Clearly, from what I have said, we are not advocating a military strike by anybody. I have often said in the past that although the possession of nuclear weapons by Iran would be a calamity for the world, it is quite possible that military action against Iran would be calamitous. I absolutely stand by that.

I do not think that my hon. Friend should dismiss so lightly the IAEA report, which referred to the agency's serious concerns regarding credible evidence about the military dimensions of the Iranian nuclear programme. My hon. Friend should weigh that a little more heavily.

Thomas Docherty (Dunfermline and West Fife) (Lab): I am slightly troubled by some of the triumphant cheering that we heard behind the Foreign Secretary when he announced the closure of the embassy. Government Members would do well to show caution about the path they seem so eager to head down.

The Foreign Secretary has briefly mentioned both Turkey and the United Arab Emirates. May I press him to say a little more about the Government's dialogue with other Governments in the region, and particularly with the Gulf Co-operation Council?

Mr Hague: We are in constant touch with those nations, of course. I spoke to Turkey's Foreign Minister twice last night. He spoke, as I did, to the Iranian Foreign Minister, expressing Turkey's outrage about these events and asking for the protection of our diplomatic staff. We are in constant diplomatic touch with the Gulf states, which also share our outrage about what has happened. As I mentioned in my statement, the United Arab Emirates has been able to give us practical help in the evacuation of our staff. A large number of the flights out of Tehran go to the UAE, so we have been in close touch with it about that.

Mr Bernard Jenkin (Harwich and North Essex) (Con): May I explain to my right hon. Friend why I cheered during his statement? It was because he is absolutely right to show strength and resolution rather than surrender in the face of the provocation by the Iranian regime. May I also give him the fullest support for refusing to rule out the military option? There have been 10 years—more than a decade—of best intentions and positive diplomacy as we have tried to win the arguments with the Iranians. If this incident does not remove the rose-tinted spectacles from our eyes, nothing will.

Mr Hague: All options, of course, are kept on the table. However, I stress, as I have to other hon. Members, that we are not calling for military action. But I am grateful to my hon. Friend: in the House of Commons, we show approval with cheers, grunts or movements of the head, and all are acceptable on this occasion.

Mr Nigel Dodds (Belfast North) (DUP): All Members would do well to remember the deplorable nature of this attack on British embassy property and staff. It demanded an appropriate response and I commend the Foreign Secretary for his swift, decisive and entirely appropriate response on this occasion. In relation to the twin-track approach that he has set out, what further practical steps—what further measures in addition to the sanctions already announced—can be taken to increase peaceful and legitimate pressure on Iran?

Mr Hague: I am grateful to the right hon. Gentleman for his remarks and support for the action that we have taken. At the European Foreign Affairs Council over the next 24 hours, we will be discussing further actions that can be taken—peaceful, legitimate pressure, as he says. I believe that we will agree on additional sanctions. I do not want to say now what those are going to be. I do not want to prejudge the deliberations with my European colleagues in Brussels, but the right hon. Gentleman can be confident that further measures are on their way.

Bob Stewart (Beckenham) (Con): It is always sad when the Union Jack has to be pulled down in any country, because it is such a potent symbol for those of us who have been in hostile countries and for nationals in those countries. However, I rather wonder whether our interests may be served if the European Union has set up its embassy in Iran; it might have something useful to do if it has. It could look after our interests.

Mr Hague: The European Union has been very helpful. Baroness Ashton, the High Representative, issued a very strong and prompt statement about the issue and of course we will work with EU representatives on this matter. We have been fortunate in having such robust support from France, Germany and many other of the member states of the European Union.

Derek Twigg (Halton) (Lab): This is the second outrage against this country by the Iranians; the Foreign Secretary will recall what happened with HMS Cornwall a few years ago. I support what the Government have said today. They are right in the action that they have taken and I urge them to continue to be firm in a practical and sensible way.

May I ask the Foreign Secretary a specific question? When did the ambassador or his staff last meet the Iranian authorities to discuss the security of the embassy? Were any concerns raised at that meeting and was there a report back to the Foreign Office in London expressing those concerns? If he does not know the answer, will he write to me with the information?

Mr Hague: I am grateful for the support of the hon. Gentleman, who remembers well the United Kingdom's previous incidents with Iran. There have of course been regular discussions, and concerns have regularly been expressed about the security of the embassy to the Iranian authorities, but I will have to write to him with the exact chronology that he is asking for.

Tom Brake (Carshalton and Wallington) (LD): This morning, I met representatives of the Baha'i faith, who are clearly suffering greatly at the hands of the Iranians at the moment. Does the Foreign Secretary believe that Iran's actions in relation to our embassy are symptomatic of a wider failure—a failure to observe not only international law but Iran's national laws?

Mr Hague: My right hon. Friend makes an important point. In recent times, and particularly during the period this year that we now know as the Arab spring, Iran has become a more repressive system—with greater persecution of minorities, more widespread imprisonment and persecution of journalists, and the house arrest of the two leading Opposition leaders. The constant persecution of members of the Baha'i faith is a very sharp and terrible example of that. My right hon. Friend is right to point to the wider failure to observe the Iranians' own laws and obligations.

Mark Durkan (Foyle) (SDLP): I join the Foreign Secretary in expressing regard for the personnel involved and in his unequivocal indictment of regime complicity in these deplorable attacks. On the respective embassy closures, do the Government have in mind particular conditions for their reopening—conditions that would be clearly and readily achievable? Otherwise there is the danger of a spiral of deterioration, of the UK's position becoming conflated with that of the US and of the UK becoming dependent on the vicarious good offices of others.

Mr Hague: That is a fair question, but the hon. Gentleman will be aware that this has just happened and it is too early to set out such conditions. Clearly, any reopening of the embassies could take place only in a much improved situation in respect of relations with Iran. I would not want to set out those conditions prematurely; we will have to consider the matter over time.

Mr Robert Buckland (South Swindon) (Con): Yesterday's dreadful events have attracted a proportionate and measured response from the British Government. In respect of seeking to maintain a dialogue with the Iranians, does my right hon. Friend agree that that dialogue should extend to all arms of Government and all shades of opinion within the governmental structures of Iran?

Mr Hague: In common with several other right hon. and hon. Members, my hon. Friend is right to draw attention to the fact that there are different shades of opinion even within the regime in Iran—of course, there are many more outside the regime. I believe, for instance, that the motives and concerns of the Iranian Foreign Ministry may have been quite different, yesterday, from the motives of other parts of the regime. We have to be conscious of that and, in our contacts with Iran, bear in mind that wide diversity of opinion.

David Morris (Morecambe and Lunesdale) (Con): Will my right hon. Friend clarify the initial part of his statement? Did I hear rightly that both north and south embassies were attacked simultaneously and that the attacks were possibly sponsored by the state?

Mr Hague: Yes. The militia organisation, the Basij, is well known to be regime-sponsored. It is unlikely, therefore, that such events take place spontaneously or through something just getting out of control. The fact that those attacks on our two embassy compounds were simultaneous is probably further evidence that they were intentional and premeditated.

Neil Carmichael (Stroud) (Con): I welcome the Foreign Secretary's statement and the resolute approach he has taken following such an outrageous development. May I ask him what measures he will take with the states neighbouring Iran to increase and enhance diplomacy?

Mr Hague: We are already engaged in that work. I mentioned the very intensive contact we have had with Turkey in the past 24 hours—nothing unusual in our case, but particularly intense yesterday—and with the Gulf states, many of which are deeply alarmed about the wider behaviour and intentions of Iran, quite apart from this incident. We shall continue and quite possibly step up our diplomatic engagement with all those countries about this most unfortunate turn of events.

John Glen (Salisbury) (Con): Will my right hon. Friend say what contact he has had over the past 24 hours with his US counterpart and what actions, diplomatic or otherwise, the US is considering to support the UK Government's position?

Mr Hague: We are of course in constant touch with the United States. Secretary Clinton and President Obama have issued very strong statements about this incident. The United States does not have an embassy in Tehran, but the Americans are strongly supportive of the action we are taking and will, of course, reflect that in their wider diplomacy around the globe.

Michael Ellis (Northampton North) (Con): May I take the opportunity to commend my right hon. Friend the Foreign Secretary for the robust action that he has taken? It is clearly necessary in view of the hostile, belligerent, anti-Semitic regime in Tehran, which in many respects is clearly a force for evil around the world. I also take this opportunity to commend the sangfroid of the British ambassador in Tehran, who is clearly following in the finest traditions of the diplomatic service. Is there an option for compensation, which I understand the British Government could, under the Vienna protocol, insist on for damage done to its property, which was supposedly under the protection of the Iranian Government?

Mr Hague: I am grateful to my hon. Friend for his support. His comments, like those of many other Members, demonstrate the high regard of all parties in the House for the conduct of our diplomats, in particular our ambassador and our chargé d'affaires, both of whom did extremely well. We have already put the question of compensation and the financial liability of the Iranian Government to the Iranian chargé d'affaires, and we shall continue to pursue the matter.

Mr Philip Hollobone (Kettering) (Con): In my right hon. Friend's view, is the Government-inspired assault on the British embassy in Tehran indicative of the weakness or the strength of the internal political leadership in Iran?

Mr Hague: My hon. Friend asks a very pertinent and relevant question. Other hon. Members have asked about the increased general repression in Iran in recent months. To the extent that this incident is part of that, I think it is an indication of the weakness of the regime and its fear of local opinion, as well as of international opinion. It should certainly be seen as weakness rather than strength.

Points of Order

2.23 pm

Dr Julian Lewis (New Forest East) (Con): On a point of order, Mr Speaker. I am sure that hon. Members on both sides of the House appreciated the almost unprecedented opportunity you gave them yesterday to interrogate a senior Cabinet Minister, the Chancellor of the Exchequer, at considerable length. May I ask whether that innovation is a practice that is likely to recur with any regularity?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. Each case is, of course, considered on its merits, but what I would say to him and to the House is twofold. First, I am always keen to ensure that as many Back-Bench Members as possible should have the opportunity to question Ministers of the Crown. Secondly, as the House will be conscious, I am insistent that statements of policy should first be made to the House of Commons, not outside it. There have been notable breaches of that established protocol and they are a source of concern. To the hon. Gentleman I say explicitly that yesterday I was particularly keen to ensure a full airing of the issues, not least because I wished to hear whether the Chancellor of the Exchequer had anything to say in the Chamber that he had not already said in the media. I hope that that response to his point of order satisfies the hon. Gentleman's curiosity.

Mr John Spellar (Warley) (Lab): On a point of order, Mr Speaker. Yesterday, you said:

"All hon. Members, including Ministers, are responsible for the content and accuracy of the statements they make to the House. If an error has been made it is the responsibility of the Member who made it to correct it."—[*Official Report*, 29 November 2011; Vol. 536, c. 848.]

On Monday, the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) said, reported at column 709 of *Hansard*,

"The shadow Foreign Secretary did not mention Libya once in this whole conversation, and one wonders why".—[*Official Report*, 29 November 2011; Vol. 536, c. 709.]

Yet my right hon. Friend the Member for Paisley and Renfrewshire South (Mr Alexander) had clearly dealt with Libya, as reported at column 695. Yesterday, I drew that to the hon. Gentleman's attention, hoping that he would have the courtesy to apologise for inadvertently misleading the House and to set the record straight. I cannot see that he did so in yesterday's *Hansard*. Has he indicated to you that he intends to do so today, Mr Speaker? If he has not, how can we ensure that the correct position is placed on the record?

Mr Speaker: I have had no such indication from the hon. Member for Shrewsbury and Atcham. When the right hon. Gentleman asks by what means he can secure redress, I think that he has found his own salvation, courtesy of his point of order. Although I am certainly not going to instruct anybody to come to the House—Members must take responsibility for what they do—there is nothing wrong with apologies from time to time. They are on the whole good for the soul, I think.

Richard Graham (Gloucester) (Con): On a point of order, Mr Speaker. During questions on the statement from my right hon. Friend the Minister for the Cabinet Office and Paymaster General, the hon. Member for

[Richard Graham]

Derby North (Chris Williamson) accused this Government and my party of being anti-public service. Given the number of Members on this side of the House who have served our country, for example in schools, hospitals, embassies and all three armed forces, may I ask you whether his comment was in order or should be withdrawn?

Mr Speaker: I was indulgent to the hon. Member for Gloucester (Richard Graham) because I wished to listen to his mellifluous tone, but I have to tell him that nothing disorderly took place, and what he has just put to me—I say this in the most courteous possible way—constitutes not a point of order, but a point of outrage. We will leave it there for today.

Hugh Bayley (York Central) (Lab): It is many years since I raised a point of order, Mr Speaker, but further to the point of order raised by the hon. Member for New Forest East (Dr Lewis), may I say that one of the primary purposes of Parliament is to hold the Executive to account? I as a Back Bencher and, I believe, many Back Benchers on both sides of the House greatly value the opportunity to question Ministers on their statements. Had you not allowed the questioning to continue until after 3 o'clock yesterday, I would not have been called. I am incredibly grateful to you for allowing so many Back Benchers to put the points they wanted to put to the Government.

Mr Speaker: I thank the hon. Gentleman. The fact that there is a glow of contentment on his face warms the cockles of my heart. I think we should probably quit while we are ahead and move on.

Hairdressers Registration (Amendment)

Motion for leave to bring in a Bill (Standing Order No. 23)

2.28 pm

David Morris (Morecambe and Lunesdale) (Con): I beg to move,

That leave be given to bring in a Bill to amend the Hairdressers (Registration) Act 1964 to provide for the mandatory registration of hairdressers with the Hairdressing Council; to empower the Hairdressing Council to issue and charge for licences to hairdressers holding certain qualifications; to provide for the removal of names from the register by the Hairdressing Council on the recommendation of its investigating and disciplinary committees; to introduce a scale of fines payable by those without a licence charging for hairdressing services; and for connected purposes.

It is a privilege to address the House on what I believe is a very important measure. This proposed amendment to the Hairdressers (Registration) Act 1964 is supported by the whole hairdressing industry and has attracted huge media interest. As hon. Members have probably seen in the newspapers—tabloid and broadsheet—the Bill has captured the imagination. Believe it or not, any one of us in the House, and indeed anyone outside it, could set up a hairdressing business tomorrow, practise as a hairdresser, and charge money for doing so.

As has been revealed in the newspapers, especially during recent weeks, hairdressers can use products that are very corrosive and dangerous and which, in some instances, can cause death. Unfortunately that has been happening for many years, and indeed it has happened during the past four weeks. Last night I met a lady to whom, thankfully, it had not happened, but she had had her hair straightened and dyed on the same day, which had caused burns to her scalp, made her hair snap off, and caused her face to puff up to twice its normal size. The poor girl, who was getting married in a week, had to get married a week later.

As I have said, the whole industry backs my Bill. There have been some quips in the media, and from certain Members of Parliament, but I want this to be an apolitical issue, and I have received much support from Members on both sides of the House. However, I ask every Member to bear in mind that the hairdressing industry in his or her constituency employs some 2,500 people who rely on that industry for their living. It puts £5 billion into the economy each year, and the amendment that I propose is supported by the Hair and Beauty Industry Authority, City and Guilds, the Freelance Hair and Beauty Federation, the Hairdressing and Beauty Suppliers Association, the Fellowship for British Hairdressing, and the National Hairdressers' Federation, to name but a few.

Let me make clear that if there is a Division today, it will not be more of a division than a parting. [Hon. Members: "Oh!"] I had to get that one in before anyone else did.

Here are the facts. The 1964 Act came into being during the dying days of the Douglas-Home Government and has not been updated for nearly 50 years, although times have changed for the hairdressing industry. The Act set out a framework for education which governed my generation and which is now more or less standard—it is necessary to gain national vocational or, in my case, City and Guilds qualifications—but the Act has never been given teeth.

As I said, my former industry has a turnover of £5 billion. It has been established that 245,000 people—1% of the United Kingdom's working population—work in the industry at NVQ level 3 or above. There are 34,000 salons out there, and 50% of women have their hair coloured, as well as a number of men. I am sure that some Members who are present would attest to that.

The Bill is vital because, first and foremost, it would remove from the industry unqualified individuals who harm people. When someone goes to a hairdresser, they want to know that the person working on their hair is not just qualified but experienced in using products which, as I said at the outset, can cause serious damage and often do. I was a hairdresser for 28 years before I entered the House. I was known in my time as Mr Fixit, and believe me, I encountered some horror stories. Women came into my salon with their hair dyed sky-blue pink—if, that is, it was still on their heads. One can imagine the psychological impact that that can have.

When I toured the hairdressing colleges in the north of England, one lady said to me "Everyone uses the NHS—people know where to go when something goes wrong medically—but those who have a psychological problem because their hair has turned a funny colour, has snapped off or has been burnt, and who have thus effectively been assaulted, do not know where to go." There is no registration to enable disciplinary procedures to be carried out, and to point people in the direction of those who can ensure that their hair is sorted out. The Association of Personal Injury Lawyers supports the Bill, not only because it will help to professionalise the industry but because it will cut out frivolous litigation.

It was good to see Members in all parts of the House attending the reception that I held here yesterday. It was a wholly apolitical occasion, and it was amazing to hear of the problems experienced by Members as well as staff. Some people who talked to me had been in the hairdressing industry themselves, and were able to tell good stories as well as bad.

We already have a charter in the form of the 1964 Act, but, although it contains some good legislation, it is defunct for today's purposes. I want the Hairdressing Council to have mandatory powers to require state registration. I want the 6,500 hairdressers who have registered voluntarily, and who are very professional, to become 250,000. That would professionalise the industry. It took me five years to learn my craft, which is comparable to the time that it takes to qualify as a solicitor. I went on to study trichology for a further two years, which is comparable to the time taken to qualify as a vet or any other member of the medical profession. I believe that the hairdressing profession should be given more accolades and should be turned from an industry or vocation into a profession, because that is what it deserves. [Hon. Members: "Hear, hear."] I thank hon. Members for that.

Perhaps this will be my legacy to the profession that I joined, but let me stress that this is not about David Morris trying to introduce legislation for his old industry. I think it fair to say that I am the only hairdresser in the House—indeed, the only hairdresser ever to reach the House—so I can speak with authority about my former trade, or profession, but my point is this. It is now 2011; may we please give the Hairdressing Council full powers to keep a register of hairdressers who are professional, and to strike off those who are negligent?

2.37 pm

Mr David Nuttall (Bury North) (Con): I oppose the motion because I consider the status quo to be entirely appropriate. I will not detain the House for long, because my arguments are fairly straightforward.

First, I believe that the Bill would place an unnecessary burden on hairdressers, and I do not believe that there is any demand for it. I can honestly say that I have not received a single inquiry about this since my election, and that not once during the many years for which I campaigned to win a seat in Parliament did a single person raise the issue of hairdressing regulation. I think that the last thing British business needs at present is yet more rules and regulations. We do not want to criminalise hairdressers for simply not having a licence.

No doubt the proposed office for hairdressing regulation will soon become known as Ofcut. What we have not heard is what the cost of a licence from Ofcut would be, but I do know that it would mean either reduced profits for hairdressers or, more likely, increased costs for those who wished to use a hairdresser.

I see no reason why the present situation cannot continue. Most people are quite capable of asking around and finding out who is the best hairdresser in the locality. It is, of course, currently possible for hairdressers to register voluntarily with the Hairdressing Council, and to display their City and Guilds and NVQ certificates on the wall so that potential clients can see what level of expertise they possess. Of course, there have been tragic cases in which treatments and hairdressing processes have gone wrong, but I would venture to submit that even if all this new regulation were introduced, such mistakes would still be made. We have only to look around other regulated professions to see that that is the case. I was formerly in the legal profession. Solicitors are highly regulated but, as we all know, many people have suffered either financial or other loss as a result of difficulties with solicitors.

The mere fact that some form of regulation is introduced will not rid the country of the problems that my hon. Friend the Member for Morecambe and Lunesdale (David Morris) described. If problems do occur at the hairdresser's, anyone has redress through the criminal justice system. I believe that what we need is self-regulation and not state regulation, which is why I oppose the motion.

Question put (Standing Order No. 23).

The House divided: Ayes 63, Noes 67.

Division No. 405] **[2.41 pm**

AYES

Adams, Nigel	Donohoe, Mr Brian H.
Aldous, Peter	Ellison, Jane
Andrew, Stuart	Esterson, Bill
Bayley, Hugh	Evans, Chris
Birtwistle, Gordon	George, Andrew
Bottomley, Sir Peter	Glass, Pat
Brown, rh Mr Nicholas	Hancock, Mr Mike
Burden, Richard	Harrington, Richard
Chapman, Mrs Jenny	Heaton-Harris, Chris
Clarke, rh Mr Tom	Hemming, John
Crausby, Mr David	Hilling, Julie
Crockart, Mike	Horwood, Martin
de Bois, Nick	Howarth, rh Mr George
Dinenage, Caroline	Kirby, Simon
Dobbin, Jim	Lazarowicz, Mark

Leadsom, Andrea
Mahmood, Mr Khalid
McPartland, Stephen
Mearns, Ian
Mensch, Louise
Michael, rh Alun
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, David
Murray, Sheryll
Nandy, Lisa
Nash, Pamela
Newton, Sarah
Nokes, Caroline
Opperman, Guy
Reid, Mr Alan
Roy, Lindsay
Russell, Bob
Scott, Mr Lee
Sheerman, Mr Barry
Smith, rh Mr Andrew
Stewart, Iain
Tomlinson, Justin
Twigg, Derek
Vaz, rh Keith
Ward, Mr David
Watts, Mr Dave
Weatherley, Mike
White, Chris
Whitehead, Dr Alan
Williams, Roger
Wright, David

Tellers for the Ayes:
Charlie Elphicke and Karen Bradley

NOES

Beith, rh Sir Alan
Bingham, Andrew
Bradshaw, rh Mr Ben
Brake, rh Tom
Bruce, Fiona
Cairns, Alun
Colvile, Oliver
Docherty, Thomas
Dodds, rh Mr Nigel
Ellis, Michael
Field, Mark
Freer, Mike
Gapes, Mike
Griffiths, Andrew
Hemming, John
Henderson, Gordon
Hermon, Lady
Hopkins, Kris
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Knight, rh Mr Greg
Latham, Pauline
Lee, Dr Phillip
Leech, Mr John
Leslie, Charlotte
Long, Naomi
Lopresti, Jack
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Main, Mrs Anne
Mann, John
Maynard, Paul
McDonnell, Dr Alasdair
Mercer, Patrick
Mills, Nigel
Morris, Anne Marie
Morris, James
Mulholland, Greg
Munt, Tessa
Offord, Mr Matthew
Paisley, Ian
Percy, Andrew
Pincher, Christopher
Poulter, Dr Daniel
Pugh, John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Ritchie, Ms Margaret
Robertson, Mr Laurence
Shannon, Jim
Simpson, David
Skidmore, Chris
Stevenson, John
Stewart, Bob
Stuart, Mr Graham
Syms, Mr Robert
Turner, Mr Andrew
Tyrie, Mr Andrew
Walker, Mr Charles
Walter, Mr Robert
Weir, Mr Mike
Wharton, James
Whittaker, Craig
Williams, Mr Mark
Wilson, Sammy

Tellers for the Noes:
Mr Philip Hollobone and Mr David Nuttall

Question accordingly negatived.

Opposition Day

[Un-allotted Day]

Living Standards

2.52 pm

Mr Liam Byrne (Birmingham, Hodge Hill) (Lab): I beg to move,

That this House believes that the Government is out of touch and does not understand the impact of its policies, including the Autumn Statement, on children, parents, women and hard-working families; and further believes that these policies have resulted in a squeeze on households' living standards.

I speak for many in the House when I say that I feel a debt to the hon. Member for Morecambe and Lunesdale (David Morris) for his bringing his 10-minute Bill before the House. I had no idea that it was so dangerous to go into a hairdresser's, and I certainly will not return to one until his Bill becomes law. I do not know if I can speak for the Secretary of State for Work and Pensions too, but it is good to start debates on a note of consensus.

The verdict is now in. It is time to put all the excuses of the past few months—the snow, the cold, the royal wedding, the Japanese earthquake—to one side. We now see the true extent to which the Chancellor has drained the life out of the economy and its recovery. The Government are fundamentally failing to get our economy back on the move, and they demand of working people, parents and children that they should pay the price of the Government's economic failure.

Yesterday, the Chancellor could no longer hide behind excuses. The Office for Budget Responsibility laid out the truth. Families, pensioners and businesses across the country have known for some time that his plan is hurting, but yesterday they found out that it is not working.

Stuart Andrew (Pudsey) (Con) *rose—*

Claire Perry (Devizes) (Con) *rose—*

Mr Byrne: I will give way in a moment.

The Government are now set to put on the national credit card £158 billion more than they planned a year ago—£6,500 for every house in this country. Why? It is because they are planning to put on the dole another 250,000 people over the next year or two. They are bringing down the number of people in jobs by 300,000, and they have put up the benefits bill—that sign of welfare waste—by an incredible £29 billion over the forecast period.

Once upon a time, the Chancellor told us that we were all in this together. Not any more—it is back to the economics of, "You are on your own."

Claire Perry *rose—*

Sajid Javid (Bromsgrove) (Con) *rose—*

Mr Byrne: I will give way in a moment. There are not too many speakers on the Treasury Bench today, so there will be plenty of time for interventions.

Let us consider what the Chancellor's proposals mean for jobs. The OBR now predicts that unemployment will rise next year, and unemployment forecasts for the years ahead are up year after year until 2015. The Government say that there is no alternative, because they still believe that unemployment is a price worth paying. Unemployment is bad this year, but it will be worse in the years ahead: the OBR said yesterday that it will rise up to 8.7%, while youth unemployment already stands at over 1 million. The brutal price that our young people are paying for the Government's failure to get people back to work is now clear to hon. Members across the House. Those young people will be at the sharp end of rising unemployment in the years ahead. I will give way to the hon. Member for Devizes (Claire Perry), who will perhaps tell me how the Government can do more to get down youth unemployment in her constituency.

Claire Perry: Does the right hon. Gentleman think that the words, "There is no money," were sufficient excuse, or is that actually a fact?

Mr Byrne: The Chancellor said yesterday that he is putting £158 billion more on the national credit card—£8 billion more borrowing than I and my right hon. Friend the Member for Edinburgh South West (Mr Darling) set out. The Government are set to borrow £37 billion more than we set out in the Budget before the election. The tragedy is that 7,700 people in the hon. Lady's constituency will see their tax credits cut next year to pay for the failure of those on her Front Bench to get this country back to work.

Several hon. Members *rose—*

Mr Byrne: I will give way in a moment.

There have been announcements in the past few days, not, sadly, from the Secretary of State for Work and Pensions, but from the Deputy Prime Minister, who announced the youth contract, which is set to be so successful that the OBR said yesterday that it cannot count on its getting any extra people into jobs. All that we have had this week from the Minister for unemployment is a decision to blame the figures—it is all down to the statistics, not his failure to get people back to work.

Long-term unemployment among young people is going through the roof—it is up 83% this year alone—but another jobs crisis is emerging up and down the country among our most experienced workers. Among the over-50s, long-term unemployment is more than 110,000—up 20% since the start of the year. People with experience to offer, who have worked hard and paid in all their lives, deserve better than to be thrown on the scrap heap.

Charlie Elphicke (Dover) (Con): The right hon. Gentleman's premise is that the Opposition would not have borrowed more money, but that is fundamentally false, as the reality is that they would have borrowed billions more to deal with the eurozone crisis. In addition, interest rates would have been higher, costing home owners more money on their mortgages.

Mr Byrne: I know that the hon. Gentleman takes these matters seriously, and that he will feel bad about the fact that 10,000 families in his constituency are seeing cuts to their tax credits to pay for the failure of his Front Bench to get people back to work. He is such an assiduous attender of these debates that he will know as well as I do that the OBR's analysis of our last Budget showed that we were set to borrow £37 billion less than the Chancellor set out to the House yesterday. He should explain that to the 10,000 families in his constituency who are seeing a cut in tax credits.

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): The right hon. Gentleman is being generous, as ever, in giving way. I remind him, however, that there is obviously a split between him and the shadow Chief Secretary to the Treasury, because on yesterday's BBC programme "The Daily Politics", she was asked this specifically:

"If you had been writing the autumn statement, borrowing would have been higher? Yes or no."

Her answer was yes.

Mr Byrne: We do happen to believe that further action is needed to get people back to work, because we are now seeing the costs of the right hon. Gentleman's Government over the past year and a half. We have now seen the Chancellor set out £158 billion of extra borrowing because he has drained the recovery of growth and put the benefits bill up over the course of this Parliament by £24 billion. That is the only part of his budget that is growing.

Mr Dave Watts (St Helens North) (Lab): Does my right hon. Friend not find it strange that Government Members talk only about deficit? They do not talk about unemployment, poverty or growth. Do we not need a more balanced approach to the problem?

Mr Byrne: My hon. Friend is absolutely right—and that is why unemployment is set to spiral over the course of this Parliament, with £24 billion on the benefit bill, which means a £1,000 extra bill for every household in this country.

Angie Bray (Ealing Central and Acton) (Con): As I have found before, the right hon. Gentleman does not like history. The fact is that a note was left saying, "There's no money left," and that had consequences. This country is living and breathing the consequences of how Labour managed the budget. We are in deficit, which is why we talk about it so often, and it is about time the Labour party recognised the consequences of the way in which it managed this country's finances.

Mr Byrne: Perhaps the hon. Lady's memory of history is suddenly faltering, because she should surely remember that in the Chancellor's emergency Budget, borrowing turned out to be £20 billion less than my right hon. Friend the Member for Edinburgh South West projected when he was Chancellor. Unlike his, the Conservatives' borrowing forecasts have come in £158 billion higher than originally projected. That means thousands of pounds more for every household in this country—and of course, the price of the consequences is being paid by the hon. Lady's constituents. More than 7,000 families in her constituency are now seeing their tax credits cut to pay the higher bills of higher unemployment.

Ms Karen Buck (Westminster North) (Lab): Can we turn from history to current affairs? One of the key messages from the Government was that they were

[Ms Karen Buck]

going to make work pay. Following from my right hon. Friend's argument about how additional spending is being generated because of the failure of their policies, would he comment on the fact that in-work benefits for working households, such as housing benefit for those in work, have risen by 42% since the general election, as 115,000 more households have been forced on to in-work benefits?

Mr Byrne: That underlines an extremely important point, and I hope that in the Secretary of State's response he will say a little more about how he reconciles the "Budget" that we heard yesterday with his own honourable intention to ensure that work pays. Right now, in my constituency, I have working parents, especially women, coming to me and saying that they are now giving up work—because the Government are cutting benefits, meaning that it is no longer economic to work. Surely that cannot be right.

Sammy Wilson (East Antrim) (DUP): Does the shadow Minister not find it strange that the Government argue that if we were to borrow to stimulate the economy the money markets would go mad and put up interest rates, yet the markets seem to have no problem in lending us money to pay for unemployment?

Mr Byrne: And this is a Government, of course, who have brought forward plans to borrow another £158 billion —a bill that, ultimately, will be paid by the rest of us. It is a bill for economic failure.

Andrew Percy (Brigg and Goole) (Con): May I take the shadow Secretary of State back to the subject of youth unemployment? Doubtless the previous Government did some very good things in that area—they did some very bad things as well—but does he admit that the present situation was not created overnight? When Labour left office there was an upward trend in unemployment— *[Interruption.]* For youth unemployment, there was an upward trend from 2004. Does he accept that under Labour the number of children brought up in workless families hit record levels and the gap between the best performing and the worst performing schools widened? What he is saying is political knockabout, but this is a long-term issue, which deserves to be treated seriously.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Interventions are getting longer, and a lot of Members wish to speak. Please let us not use up the time on interventions.

Mr Byrne: I am afraid that the hon. Gentleman is simply wrong. Youth unemployment was coming down before the election; it has now gone through the roof, since his party took office. It is now up through the 1 million mark for the first time. Long-term youth unemployment in this country is up 83% since the start of the year. He would surely admit that that is a badge of shame for this Government, and demands much more urgent action from them.

George Freeman (Mid Norfolk) (Con) *rose—*

Mr Byrne: I will give way to the hon. Gentleman, and then I will make a bit more progress.

George Freeman: Does the Opposition spokesman agree that his authority to talk about this subject would be heightened if it were not for the fact that during the previous 10 years, before his party lost office, youth unemployment rose to a quarter of a million—and that was during a boom? His authority to talk about this is hugely reduced by that track record.

Mr Byrne: Youth unemployment came down to record lows under the Labour Government. It was coming down before the election, because we chose to act. Now the key back-to-work scheme for young people has been taken off the shelf for the past year and a half. What is the result? Youth unemployment in the hon. Gentleman's constituency is going up. He should explain that to young people in his constituency, and he should apologise to them. The back-to-work scheme set out by the Deputy Prime Minister last week is not even planned to come into place until next April. That shows how much his party cares about getting young people back to work.

Sajid Javid *rose—*

Mr John Redwood (Wokingham) (Con) *rose—*

Mr Byrne: I shall give way in a moment.

The weakness in the jobs market is not abstract; it shows up in people's pay packets. That is exactly what the Office for Budget Responsibility confirmed yesterday. Earnings, it says, are now set to fall throughout the rest of this Parliament. By 2016 wages will be no higher than they were in 2001—£1,400 below their pre-crash peak—yet prices are not falling; they are rising. Prices are going up over the course of this Parliament. Wages are falling and prices are rising. That double whammy is now hurting families all over this country.

Not long ago, the Governor of the Bank of England said that we in this country now confront the worst squeeze on living standards since the 1920s. Yesterday, the Institute for Fiscal Studies said that the squeeze was "unprecedented". This is the biggest fall in household income since records began. With our nation's family budgets under such pressure, we would have thought that the Government would step in to help. Not a bit of it. Instead, working families are being asked to pick up the pieces.

Mr Redwood: The right hon. Gentleman is making a very important point—that a big squeeze on living standards started under his party's Government. It is continuing under the coalition. As the forecasts make clear, a big element in that is energy and fuel prices. Does he have any proposals that the Government could adopt to tackle that problem?

Mr Byrne: We do think that Government should be doing more in the energy market to help to bring down prices. The right hon. Gentleman will, I know, feel strongly about that, because of the 6,500 families in his constituency who are now seeing cuts in tax credits.

When wages are falling and prices are rising, people would expect the Government to do more to help, but what we now have is a budget set out yesterday that tightens the squeeze on working families. Last Friday the Deputy Prime Minister blustered his way through an interview on the radio and said, once again:

"We will not balance the books...on the backs of the poorest". That is an old line, and today it rings pretty hollow, because that is exactly what the Government are doing.

Yesterday, the Government rejected any new tax on bankers' bonuses. Instead, it is children, women and working parents who are picking up the tab for the Government's failure to get people back to work.

Bill Esterson (Sefton Central) (Lab): My right hon. Friend is making the case extremely well about the unfairness of what the Government announced in the autumn statement about targeting those on lower and middle incomes instead of targeting the bankers and the bonuses—a move that was successful under Labour and should be repeated by the present Government. He was asked about prices, and I am sure that he will soon say something about cutting VAT as an effective way of helping hard-pressed families through reduced prices.

Mr Byrne: I will indeed come on to that topic in a moment, but I first want to talk about the impact on children of yesterday's Budget. We knew before yesterday's Budget that all the gains made in reducing child poverty over the last decade were set to be wiped out by the decisions of just the last year. Once upon a time the Prime Minister told us he would not increase child poverty. That was the rhetoric, but today the Institute for Fiscal Studies has given us the reality. It has already said that almost one in four children will be in poverty by the end of the decade, thanks to this Government. That was before the attack on working families in yesterday's Budget. A generation of children will not thank this Government because hundreds of thousands more of them are now destined to grow up poor.

Then we had yesterday's Budget, reversing any improvement in child tax credit for the poorest, and robbing 5.5 million families of £110 per child. There will now be 13 cuts to children's benefits beginning in March, which next year will take out £2.5 billion in benefits for children. That is almost eight times the level of benefit cuts this year. Almost £12 billion is coming out of children's benefits over the course of this Parliament; that is £1.5 billion more than is coming off our nation's bankers. I therefore have to ask this question: what kind of Government take more off children than they take off bankers?

Nick de Bois (Enfield North) (Con) *rose—*

Mr Byrne: Perhaps the hon. Gentleman would like to answer that question?

Nick de Bois: Does the right hon. Gentleman not recall that in his Government's 13 years in office between 1997 and 2010 they increased personal tax allowances by only £2,400, whereas in only 18 months we have increased people's earnings by raising those allowances by £1,800, and we will go further by the end of this Parliament by raising the figure to £10,000? Is that not a major contribution to addressing lower pay?

Mr Byrne: No, because what comes with that is the biggest raid ever on the benefits of children and families. Let us consider the bill that will be paid by families under yesterday's announcements. An average family on the minimum wage with two kids will lose £320 a year as a result of the changes made yesterday. They would only ever gain £120 a year through the increases in tax thresholds to which the hon. Gentleman referred. Overwhelmingly, poorer families and children in this country are now getting poorer as a result of his Government's Budget.

No wonder Save the Children said yesterday:

"For many families the scrapped £110 increase in Child Tax Credit could mean the difference between putting food on the table for their children or having them go hungry."

The Child Poverty Action Group said:

"Britain's poorest families have been abandoned today and left to face the worst...the government has actively decided to let child poverty rise."

Those on the Treasury Bench should be ashamed of themselves; they should be ashamed of what they have done to children in this country. Labour will be the party that stands up for a fair deal for working parents.

The scale of the cuts to children's benefits is not the only story. There is more. Let us consider the cuts to working tax credits for working families. Working families are already in line for seven big cuts to their tax credits next year. That was going to lose them more than £1.7 billion, but that was not enough for the Chancellor, so yesterday they got an eighth cut to their working tax credits. They will now lose almost £2 billion next year. That is almost double the cuts they received last year.

Some 2 million families in our country now face a double hit, with the cuts to child tax credits and the freezing of the working tax credit. There is therefore a great deal of extra squeeze that will hit working families, but I want to flag up one cut in particular. It is the subject of a Westminster Hall debate secured by my hon. Friend the Member for Stalybridge and Hyde (Jonathan Reynolds), and I want the Secretary of State to reflect on it further, as I think it will have consequences that he would not intend. One of the changes he will make next year is to increase the number of hours a working couple must work in order to get tax credits. At present, they can qualify for tax credits if they work 16 hours a week. From next April, they will need to work 24 hours a week. At present, however, companies are not handing out extra shifts. Many families that will be affected work in the retail sector. If anything, big retailers are cutting back on their employees' hours, not increasing them. A family that is on the minimum wage for 16 hours a week might bring in just over £5,000. Working tax credits and child tax credit might increase their take-home pay to about £11,000. If they cannot get an extra shift, all of that working tax credit will be gone. Those families may well find themselves better off on jobseeker's allowance.

We must not create a situation in which cuts to tax credits mean families are better off on benefits than in work. I am sure that is not the Secretary of State's intention, and I urge him to look at this matter in more detail before those cuts bite in April next year.

The Minister of State, Department for Work and Pensions (Steve Webb): I am trying to follow the right hon. Gentleman's reasoning. I think he has argued so far that people out of work should not face cuts and that people in work should not face cuts, so who should?

Mr Byrne: The Pensions Minister—*[Interruption.]* Government Front-Bench Members might think cuts to working families are funny, but I can tell them that families in their constituencies do not.

Claire Perry *rose—*

Mr Byrne: The Pensions Minister should reflect on the following point. When we add together the cuts to children's benefits and the cuts to families' working tax credits, the total is £20 billion over the course of this Parliament. That is twice the amount of money his party is taking off the country's bankers. Surely he would reflect on the wisdom of taking more off children and working parents than off bankers? I think he should reflect on that further.

Claire Perry: Will the right hon. Gentleman give way?

Sajid Javid: Will the right hon. Gentleman give way?

Mr Byrne: I shall give way to the hon. Gentleman, as I have given way to the hon. Lady before.

Sajid Javid: I thank the right hon. Gentleman for giving way. When he left office, why did he leave a note saying there was no money left?

Mr Byrne: It takes some audacity for a Member on the Government Benches to stand up after a Budget that has added £158 billion to the nation's credit card and throw cheap jibes across the Chamber.

Claire Perry *rose—*

Mr Byrne: The hon. Gentleman should explain to his constituents how £6,500 for every household in his constituency has been added to the nation's credit card. *[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. The hon. Member for Devizes (Claire Perry) is pushing her luck today. She has already intervened, and I do not mind her rising to seek to do so again, but continually to stand up and barrack is not the way forward. She has a great future in this House, and I am sure she wants to protect it.

Mr Byrne: Finally, I want to talk about the impact on women of these Budget changes. The shadow Home Secretary, my right hon. Friend the Member for Normanton, Pontefract and Castleford (Yvette Cooper), will say more on this in her winding-up speech. She has already set out with clarity and force how the Budget changes made by this Government have, overwhelmingly, hit women harder than men. I would just highlight to Members, and especially those on the Treasury Bench, the comment made yesterday by the hon. Member for Calder Valley (Craig Whittaker). He put it very simply when he said that of course women are paying the price most. At least someone on the Government Benches has the honesty to tell it straight. He was right: women are being hit hardest by these Budget changes, not least through the changes to child care. Some 30,000 women in this country have had to give up work in the last year because they can no longer afford the child care. That is £50 million in lost tax to the Exchequer. What a shambles.

The tragedy in this debate is that there is a different way. We have set out a different way of jump-starting growth and getting people back into work. Yes, it does start with a tax—a fair and sensible tax—on bankers' bonuses to help get 100,000 young people back to work. What have this Government proposed instead? They have proposed a fund of about one third of the size, paid for not by those with blessings to share, but by children and families who are already feeling the squeeze. That decision alone tells us everything we need to know about who this Government stand for. That decision alone tells us how out of touch this Government have now become, and it is for that decision if no other that I say this House should support our motion.

3.19 pm

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): I am tempted to ask, "Is that it?", but perhaps I will not.

Yesterday, the Office for Budget Responsibility published its forecasts for the UK economy over the coming years, which painted a very difficult picture: Britain is expected to grow this year by 0.9% and next year by 0.7%; growth is forecast at 2.1% in 2013, 2.7% in 2014, 3% in 2015 and 3% again in 2016. The OBR showed that in 2009-10 borrowing was £156 billion a year. Last year, that fell to £137 billion. This year, the OBR expects it to fall again to £127 billion.

The OBR did not just publish forecasts. It did us a favour, because it looked back and reopened the books on the era of the previous Government, and an important factor emerged. It told us that an even bigger component of the growth that preceded the financial crisis was part of an unsustainable boom, and that the bust was deeper and had an even greater impact on our economy than previously thought, meaning that the effects will last even longer. It said:

"The peak-to-trough fall in output over the recession is now estimated to have been greater than previously thought at 7.1% rather than 6.4%"

That is a huge change to the figures. It found that from near the end of 2010 we were taking a serious hit from rising global food and energy prices.

I want to add a further quotation from the OBR as these matters form the baselines of our debate today:

"Most of the weakness can be explained by an external inflation shock".

Its third point is that the eurozone crisis is

"likely to have contributed to weaker UK growth and business and consumer confidence."

Mr Watts: What credibility will the public attach to the forecasts of the right hon. Gentleman and his advisers when despite every forecast they have made, the deficit and unemployment have gone up and growth has gone down?

Mr Duncan Smith: I hope they will attach no credibility if they were our forecasts. We set up the OBR—an independent body that Opposition Members accepted—and its forecasts are about as good as we shall get, so we should give it credibility for at least trying to get the forecasts right. That is a damn sight better than the past 12 years of gerrymandered Treasury figures, not one of which had any credibility.

Sheila Gilmore (Edinburgh East) (Lab): The Secretary of State quotes from the OBR, so he might like to add that it stated that we came out of recession quicker and that growth had increased by the first part of 2010.

The OBR made its predictions before the autumn statement. Last year, it made its predictions before the statement. Its predictions were wrong, because the Government's policies were wrong. Its dire predictions this year were made before this new set of policies.

Mr Duncan Smith: I am grateful for the intervention, as it allows me to remind the hon. Lady that in looking back at the period in the run-up to and start of the recession the OBR said the depth of boom and bust was greater than was anticipated—by more than 1%. The baseline from which we started, therefore, was much lower, which means, as is seen by the Treasury, that the amount we would have had to borrow would have been more than £100 billion if we had not taken our decisions early on. Labour Members' posturing about their own position is fundamentally incorrect, and they must recognise that.

The OBR said that the eurozone crisis is

"likely to have contributed to weaker UK growth and business and consumer confidence."

I know that Labour Members do not like to hear that that is an issue, but it is seen by everybody, not least of which the OBR.

Stella Creasy (Walthamstow) (Lab/Co-op): We all welcomed the establishment of the OBR because of the independence it gives. The full quotation from the OBR states that

"an external inflation shock constraining real household consumption"

is the reason for the revision in growth forecasts. How does the Secretary of State think that bearing down further on family incomes will help our economy to grow again?

Mr Duncan Smith: The reality, as the OBR and the Institute for Fiscal Studies make very clear, is that you cannot borrow your way out of a debt crisis. I know that Opposition Members are indulging in voodoo economics—a fake religion—but almost every economist abroad and at home says that you cannot borrow your way out of a debt crisis.

Charlie Elphicke: I was just looking at Labour's five points for growth, which would cost a lot, would require us to borrow from the markets, and would drive up mortgage rates for hard-pressed home owners. Would that not be irresponsible and reckless?

Mr Duncan Smith: The answer, very simply, is that, yes, it would be.

Yesterday, there was much jeering about the issue of Europe. The Opposition say one thing one day, move on and then say another. I remind the shadow Chancellor, who is not here today, of something he said in July:

"We need to face up to today's problems. When you see Italian and Spanish bond spreads you can see the situation is incredibly dangerous"—

and that came from a man who yesterday said that we cannot blame anything on the European crisis. That is absurd, and the Opposition must get their act together over the reasons we are where we are.

Bill Esterson *rose—*

Mr Duncan Smith: I want to make a little progress, but then I will give way.

Whatever we say, in government or in opposition, I fancy that were the previous Chancellor in office he would be saying many of the things that my right hon. Friend the Chancellor said yesterday, because once in government people become strangely rational, and that leads to difficult choices. We can play party games, but I want to run through some of the choices we have had to make. We had to choose whether to invest more in supporting young people, and we chose to invest in the youth contract—about £1 billion over the next three years. That was an absolute priority for us, so we had to tighten two or three other areas to enable us to provide that support. These are tough choices. If we had a pot of money to raid, yes, we might have raided it, but there is none, as the right hon. Member for Birmingham, Hodge Hill (Mr Byrne) reminded us on leaving office.

Unemployment is therefore a huge challenge for us—it is why we set up the Work programme. None the less, the OBR estimates that private sector employment will rise by 1.7 million by 2016, largely offsetting the forecast reduction in public sector employment.

Frank Dobson (Holborn and St Pancras) (Lab): Will the right hon. Gentleman give way?

Mr Duncan Smith: I will give way in a moment. I promised I would give way to the hon. Member for Sefton Central (Bill Esterson), too.

The growth plan proposes £6.3 billion of additional infrastructure, £1 billion for new regulated industries and moves, with the Association of British Insurers, to target a further £20 billion of extra investment.

Bill Esterson: I wonder whether the right hon. Gentleman believes in fairness. I expect he will say he does. If so, why do the Government's policies target low income families much more than those at the top?

Mr Duncan Smith: I do not agree with the hon. Gentleman. I am talking about choices. I remember a great deal of debate, even in the Select Committee, about whether the working-age unemployed would see their benefits reduced. Everybody said it would happen; newspapers predicted it. In fact, my right hon. Friend the Chancellor has stuck to increasing them by CPI at 5.2%—just one good example of making a choice about who would be affected most direly by any change or any reduction. That was a bold choice and one on which we should congratulate him.

Mr Byrne: I am grateful to the Secretary of State and I am following his argument closely. Further to the intervention from my hon. Friend, the right hon. Gentleman will no doubt have seen the analysis from the Institute for Fiscal Studies this morning. If it is true that the Government are not hitting the poorest families harder, why has the IFS said that for 2012-13 the poorest three deciles in this country are being hit three times harder than the overall average?

Mr Duncan Smith: According to the findings of the IFS and of the Treasury, the top decile pays a huge amount more in relative terms than anybody else. *[Interruption].* Hon. Members should listen. Taking

[Mr Duncan Smith]

account of uprating, about 80% of households with children will see their tax credit awards rise at least in line with earnings next year. Members can pluck little bits out, but when they average it across, they will see that there have been some choices.

I am quite prepared to recognise that the pressure on the bottom deciles will always be tougher and harder because of where they spend their money. That is not the issue. The issue is, within the bounds of what we could afford, what were we trying to protect? The decisions we took and the changes we made, which I will come to in a moment, mean that we have protected the most vulnerable as well as we could and better than the Opposition would have done, had they been in power.

Mr Byrne: I am grateful to the Secretary of State. He is being most generous. The IFS was pretty clear this morning. It said that the richest decile would see an impact of just over 0.5%. The poorest decile would see an impact of minus 1.6%. So it is clear that the poorer families in this country are being hit much, much harder than the richer ones.

Mr Duncan Smith: I am sorry, those are not the figures that I have. The figures on the chart that I am looking at show that the richest decile has a greater proportion of its income taken, even in relative terms. Yes, I accept that, relatively, those in the bottom three deciles do quite badly in many senses, but the right hon. Gentleman should look at the Treasury figures, which show that the wealthiest decile do worse than anybody else, in absolute and in relative terms.

Several hon. Members *rose—*

Mr Duncan Smith: I am going to move on.

The commitments made by the Chancellor in the previous Budget have to be taken into consideration, along with the ones that I have mentioned. The new offer on child care comes on top of our expansion of free nursery education for all three and four-year-olds. We are already set on a path of far-reaching reform in our welfare system, getting work incentives back in order and delivering a system that people finally understand. We will do this through the universal credit, which will in two years rebalance any of the out-of-work incentives that got out of balance, so that work pays.

The Opposition had 13 years to make the kind of changes that we are making. We have already got them under way. They will take about 350,000 children and more than 500,000 adults out of poverty. Some £7.2 billion has been invested in the fairness premium, including the pupil premium, to support the poorest in the early years and at every stage in their education. We have invested in 4,200 new health visitors.

Almost none of those changes is taken into consideration in the rather narrow way of measuring who is in poverty and who is not in poverty, particularly child poverty. This is an important point. I spoke earlier about the money and the effort that we are putting in for the poorest. The wide range of steps that we have taken is, on balance, positive. None of those has been taken into account because it is not possible at this stage to calculate the effect, but I want to do that and we ought to do so.

Several hon. Members *rose—*

Huw Irranca-Davies (Ogmore) (Lab): The right hon. Gentleman's heart is in the right place, but his head is in the clouds. We can argue over definitions and data, but let me read to him the response of the chief executive of Citizens Advice, who says:

"The Chancellor has broken the promise he made in last year's Budget to protect families on the lowest incomes from the impact of last year's harsh cuts by increasing child tax credits above inflation, leaving them now with no protection at all... Make no mistake, this—

yesterday's announcements—

"means children in the poorest homes are at risk of going cold and hungry to pay for the new schemes the Chancellor has announced today".

Why do the poorest in society have to pay for the schemes that were announced yesterday? The right hon. Gentleman's heart is in the right place, but he has not thought this through.

Mr Duncan Smith: It is not just the poorest who are paying. Everyone will have to bear a proportion, because everybody is going to pay for this. Yesterday the Opposition claimed that the shocks that caused inflation are not relevant, yet today they stand there and tell us that it is all down to inflation. They need to make up their minds which case they want to mount first.

Mr Redwood: Will my right hon. Friend confirm that it is his strong intention always to make sure that it is worth while working, and will he bring us up to date on the progress and timetable on that?

Mr Duncan Smith: I will indeed. The point I was making was that, as the universal credit comes forward in the next two years, it will do huge amounts to ensure that the incentives to return to work are improved. Secondly—and this relates to complaints from Opposition Members about the tax credit—it will reset the baseline so that those incentives will be increased and improved. Had we remained in the same position as the previous Government with their tax credits, there would be no way back for us now.

Kate Green (Stretford and Urmston) (Lab): I am well aware that the Secretary of State has great hopes for the universal credit to incentivise people into paid employment, but does he accept that the cumulative effect of last year's Budget and spending review, this year's Budget and yesterday's statement is that the incentives to work for low-paid employees have been worsened as a result of the reduction in support for child care costs through the tax credit, the cut in child benefit, the freezing of the lone parent and couples element of tax credits and the fact that it is all set against a rise in living costs that families cannot afford to meet?

Mr Duncan Smith: Seen over the whole period of this Parliament, and taking into account things such as lifting the tax allowances, the commitment of the coalition to lift them further before the end of the Parliament, and a whole variety of the points that I have already laid out, I do not agree with the hon. Lady. When Opposition Members look back, they will realise that the introduction of the universal credit will result in positive work incentives and we will get people back to work, as we are already doing.

I have already mentioned some of the things that have been introduced in the past year and a half, and yesterday the Chancellor also announced reforms to support working families which no Opposition Member has taken into consideration. We have deferred the fuel duty increase planned for January and cancelled the inflation increase planned for August 2012. The tax on petrol will be a full 10p lower than it would have been without our action in the Budget this autumn, and that means that families will save £144 on filling up the average family car by the end of next year. Fuel and the cost of driving are a very big driver of poverty and we are doing something about it. We are also regulating the rise in fares on national rail, the London tube and London buses, and we have already offered councils the resources for another year's freeze in council tax, which I hope they all take up. Our plans to raise personal tax allowances will pull over 1 million people out of tax altogether, which is a big incentive for people to go back to work. When the Opposition complain about changes to working tax credits, they should remember their punitive decision to abolish the 10p starting rate of tax. They did not care what happened to the poorest in society.

Neil Carmichael (Stroud) (Con): My right hon. Friend has mentioned the 900,000 people who are being lifted out of income tax altogether. Is that not a significant step in the right direction?

Mr Duncan Smith: I agree with my hon. Friend. The reality is that we are raising people out of tax, while what the Labour Government did by getting rid of the 10p starting rate was to drop more people into higher rates of tax. It was really dismissive, very regressive and attacked the poorest.

John Howell (Henley) (Con): Is my right hon. Friend as surprised as I am that there has been little or no mention from the Opposition of the benefit to living standards that comes from keeping interest rates low?

Mr Duncan Smith: I was going to come on to that. Had interest rates gone up and had we been paying more for our borrowing, we would all—including those paying mortgages—be poorer.

This debate about living standards is important. Of course, those standards are very tight, and I make no bones about the challenge that we face, but let us not forget where we came from. Let me take the House back to 2007, when personal debt had rocketed to about £1.3 trillion and we had the highest structural deficit in the whole of the G7. That was before the recession began. That is a completely unsustainable picture, and it required very painful readjustment. As my colleagues know, the problem was that we entered the recession ill prepared for the consequences. When Labour Members ratcheted up spending by a massive degree, they simply postponed the inevitable. After all, the IFS forecast for the period 2008-2011 was that living standards would fall by 1.6%. This was a case of a fall in living standards postponed, with pain pushed on to future generations. People do not have to take my word for it—the IFS said:

> "Much of the impact of the…recession on UK living standards was not felt until after the economy had stopped contracting, but that…pain was most definitely delayed rather than avoided".

Claire Perry: Does my right hon. Friend agree that adopting the Opposition's proposals would just delay that pain further for future generations, and that this debate would be irresponsible in the extreme if we did not think about the living standards of our children and grandchildren?

Mr Duncan Smith: My hon. Friend, not for the first time, hits the nail firmly on the head. The reality is—

Several hon. Members *rose*—

Mr Duncan Smith: I will give way in a minute. *[Interruption.]* Relax—I will give way. The point is that there is a choice: we can either let this thing slide, with higher interest rates and all that goes with that, and let our children pick up the debt and the deficit, or we can deal with this ourselves and give our kids at least a fair chance.

Of course living standards are under a squeeze—we know that—but that is something we utterly regret. Nobody wants to stand here and say that that is the purpose of what we do—it is not—but it is part of what we are having to do, and we need to get living standards up again as fast as we can. The forecasts from the Office for Budget Responsibility show that that will be the case. If Labour Members were being realistic, they would accept that no matter who was in power, standing here, they would have to deal with exactly the same problem.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): The Secretary of State and the hon. Member for Devizes (Claire Perry) talk about the children of the future, but I would like to bring their attention back to the children of today. Is the Secretary of State aware of recent Government figures that show that the number of children in need this past year has risen by 3,600, with squeezed living standards putting vulnerable families further at risk and pushing more cost on to the state?

Mr Duncan Smith: The children of today are also, more than likely, the children of the future, so we do not want to split hairs about this. Children are children, and as they become adults we do not want them to have to pick up the debt and the deficit that we leave behind. It is all about taking difficult decisions, being honest about what those decisions are, and recognising that if we do not take them now, we will have them forced on us by other people.

Mr Rob Wilson (Reading East) (Con): May I remind my right hon. Friend of the record of the previous Government, which included imposing a 100% rise in council tax on my constituents, upping the pension rate by a pathetic 75p for our old-age pensioners, and ratcheting up fuel prices? How did that help children and families across our country?

Mr Duncan Smith: I wish that we saw a little more realism from Labour Members in accepting that they were, in many senses, partly the architects of the difficulty that we are in.

Glenda Jackson (Hampstead and Kilburn) (Lab): I find it absolutely incomprehensible that the Secretary of State is able to discard the real pain that is now being

[Glenda Jackson]

suffered by children because of his Government's bizarre choices based on the argument that they are going to become adults and will then have to pay further down the line. Is he really equating the possibility of a child losing its home, its school, its friends, its family, its support system, and watching its parents having to give up work because they cannot afford child care, with what is going to happen further down the road? That is bizarre.

Mr Duncan Smith: Of course, the hon. Lady would be right if that were what I was saying. What I am saying is quite simple: it is that our responsibility right now is to get the economy back in balance so that children do not have to pick up the debts. Let us remember that the deficit that we are dealing with is the pump that fuels the debt, and that debt is the legacy that we will leave them.

Several hon. Members *rose—*

Mr Duncan Smith: Wait a minute—I am trying to answer the hon. Lady. She may not like the answer, but I want to finish it. The reality therefore is, yes, of course, but I think that we have done as much as we can to protect those who are in difficulty.

In answer to the hon. Lady, I should like to list a few things that we have done. Bearing in mind the changes we have made to taxation, more than half of those who will be lifted out of income tax will be women. We are investing an additional £300 million in child care support on top of the £2 billion already being spent. There will be 5,000 mentors to support women entrepreneurs and we are creating the women's business council to advise Government. There will be up to £2 million to support women to set up and expand businesses in rural areas. We are improving child tax credits this April with a £180 real-terms permanent increase in the child element. Next April, there is an increase of 5.2% and a further £135. We are doubling the number of two-year-old kids who receive 15 hours of free education a week. There is also the £2.5 billion pupil premium. I could go on and on. We are doing huge amounts to try to protect the poorest in society.

Mr Watts: Part of the help package that has been set out is the money that will go to London families to keep rail and bus fares down. Does the right hon. Gentleman have a similar package for my constituents?

Mr Duncan Smith: It is all rail fares, but I do not want to split hairs with the hon. Gentleman about whether he thinks it will help his constituency. I think it will.

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): The Secretary of State talks about protecting women but he will know that House of Commons Library figures show that women are paying two thirds of the contribution in tax and benefit changes. He also said that the personal allowance increase benefits women more than men. Does he admit that the truth is that the Library figures show that while 13,500 women benefited from the personal allowance increase even though it was compensated for by other cuts, 16,800 men benefited, so in fact women are a minority, even from the personal allowance increase that he parades as a change to help women?

Mr Duncan Smith: I can look at the Library's figures and decide whether they or our figures are correct. We will have a look at them. My view is that the figures that we have show that more women than men benefit from that change. We can debate that if the right hon. Lady likes, but at least she is admitting that, one way or the other, a significant number of women benefit dramatically. That is a good starting point.

I want to move to an important subject. Given that this is an Opposition day debate, I had rather hoped—

Sarah Newton (Truro and Falmouth) (Con): Before we move from the topic of hard-working women such as those in my constituency, especially those on the lowest incomes, who depend on informal care from grandparents, perhaps my right hon. Friend could share with the House the many things we have done to support grandparents on low incomes.

Mr Duncan Smith: I am grateful to my hon. Friend who, as ever, talks sense, and I agree with her.

This is an Opposition day debate and I had hoped to hear something about what they would do to fix things. My right hon. Friend the Member for Wokingham (Mr Redwood) asked a very specific question but never received an answer from the right hon. Member for Birmingham, Hodge Hill. We have today had to endure the usual waffle and confusion. On the one hand, the Opposition criticised us yesterday for borrowing too much, but on the other they seem to think that more borrowing is the only way to fix the deficit. The director of the IFS was pretty clear yesterday on the Opposition's position on borrowing more to spend. He said:

> "You would have to believe some pretty surprising things about the way the economy works to think that if you reduce tax by a pound then borrowing would go down rather than up."

Does the right hon. Gentleman agree with the director?

Mr Byrne: Does the Secretary of State acknowledge that the benefits bill rising on his watch by £29 billion is a sign of failure? It is too high and it would come down if the Government helped more people back into jobs.

Mr Duncan Smith: With respect, that is not a policy; that is just a lot of waffle. In reality, what the right hon. Gentleman has to tell us—*[Interruption]*—and I will give way to him again or to the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper)—is whether he agrees with the shadow Chief Secretary to the Treasury, who yesterday said that if the Opposition had made the autumn statement, they would be borrowing more.

Mr Byrne: We think that we could get more people into jobs if we had a temporary cut in VAT to get shoppers back on to the high street; if we cut national insurance for small firms to hire extra workers; if we brought forward infrastructure projects, none of which we saw yesterday; if we cut VAT on home improvements; and if we had a tax on bankers' bonuses to get 100,000 young people into jobs.

Mr Duncan Smith: Borrowing, borrowing, borrowing. More borrowing—isn't it wonderful? Interestingly, the Opposition were supposed to say that they would stick to the original Darling plan, but the measures just laid out involve borrowing way above that, because, as my right hon. Friend the Member for Wokingham has said, if we look at what the Opposition have opposed, out of all that that we have had to do, we find that the bill now stands at some £91 billion extra a year, or £326 billion for the next five years in which they might have been in government.

These are all the spending cuts that the Opposition have opposed; the VAT position—opposed; welfare savings—opposed; in-year spending cuts—opposed; local government reform—opposed; capital spending on education—opposed; two-year public sector pay freeze—opposed; cuts to capital investment allowances—opposed; increasing public sector employee contributions—opposed; Ministry of Justice reform—opposed; police reform—opposed; DEFRA reform—opposed; cuts to the HMRC budget—opposed. That is not a policy; that is a joke.

Mr Byrne: The truth is that the plan laid out by my right hon. Friend the Member for Edinburgh South West (Mr Darling) would have halved the deficit over four years and, according to the OBR, resulted by the end of this Parliament in borrowing £8 billion less than that which the Chancellor set out yesterday. It would have involved borrowing £37 billion less than the Chancellor over the forecast period. The truth is that he has put borrowing through the roof, because he has put welfare through the roof, because he has put unemployment through the roof.

Mr Duncan Smith: The reality is that the OBR yesterday told us categorically that the position in which the Labour Government left us was significantly worse than anybody expected. It also said that unless we had taken the decisions that we took last year, we would be borrowing more than £100 billion in each year of this Parliament. On top of that, the Labour party's measures would have resulted in even worse, but at least we had a little honesty from the shadow Chief Secretary to the Treasury, who said that borrowing would rise because she would borrow more. Given the economic situation, the Treasury estimates that such measures would cost far more—on the back of the OBR figures.

We now know what the Government at the time were doing, and what the Opposition today are about. They are determined to put hard-won interest rates, which we have held down, at risk. Last April, under Labour, our interest rates were higher than Italy's; 18 months later, we are the only major western country to have seen its credit rating improve. Italy's interest rates are now about three times ours, despite it having a lower deficit—actually, almost half the deficit that the previous Government left us. So, while the rest of Europe is under intense pressure, the UK remains a safe haven and the Labour Opposition are completely confused.

Yesterday the shadow Chancellor insisted that low interest rates were the sign of an economy in trouble. That is the same man who, back in 2004, described long-term interest rates as

"the simplest measure of monetary and fiscal policy credibility".

Hugh Bayley (York Central) (Lab): Will the Secretary of State give way?

Mr Duncan Smith: Let me lay out the facts to make things simple for the Opposition before I give way. A 1% rise in our market interest rates would add £10 billion to mortgage bills; the average family with a mortgage would have to pay £1,000 more every year; the cost of business loans would increase by £7 billion; taxpayers would be forced to find an extra £21 billion in debt interest payments—and the ex-Chief Secretary to the Treasury has the front, the absolute front, to talk about squeezing living standards. If the Opposition had their way, living standards would collapse.

Hugh Bayley: Does the Secretary of State not recall that at the time of the general election Britain's national debt was significantly lower than that of Italy, France, Japan and the United States? The reason Italy faces its economic problems is that its national debt is much higher than that which this Government inherited from the Labour Government.

Mr Duncan Smith: It is well worth reflecting on the fact that the previous Government's debt cannot be detached from their deficit. In case the hon. Gentleman does not understand it, I will explain that what they did was ratchet up spending before the recession began. We had the largest structural deficit of any G7 country before the recession began.

Mr Byrne *rose—*

Mr Duncan Smith: No, I will not give way. The previous Government then went on a spending spree, ratcheting up the deficit, which now pumps the debt. It is no good playing silly games—

Hugh Bayley *rose—*

Mr Duncan Smith: No, the hon. Gentleman can sit down. It is no good. He is not going to play games over the difference between the deficit and the debt. The reality is that Labour cannot weasel out of it. It left us with a tragedy that we are having to put right, which is why we will oppose the motion.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. I remind the House that there is a six-minute limit on speeches.

3.56 pm

Ian Mearns (Gateshead) (Lab): I am grateful to be called to speak in the debate. The Government's failure in economic policy is having a profound effect on our nation, but it is also having a disproportionate impact on regions such as the north-east and the poorest in our society. I have every sympathy for the squeezed middle, and many of my constituents are part of it, but I have much greater sympathy for the people who are the battered base in our economy, the very poorest in our society, who the Government's policies are attacking the worst.

In March the Government launched their much-heralded "The Plan for Growth". In the foreword, the Business Secretary and his new friend the Chancellor stated:

"This Plan for Growth is an urgent call for action. Britain has lost ground in the world's economy, and needs to catch up. If we do not act now, jobs will be lost, our country will become poorer

[Ian Mearns]

and we will find it difficult to afford the public services we all want. If we do not wake up to the world around us, our standard of living will fall, not rise."

Fiona O'Donnell (East Lothian) (Lab): Does my hon. Friend agree that one area where we are missing an opportunity for growth is green growth, and that yesterday the Government finally shed any claim to be the greenest Government ever by threatening investment in green technologies and green jobs?

Ian Mearns: I am grateful to my hon. Friend for her comments, which are absolutely true. Certainly, companies in the north-east that have invested heavily in plant to develop photovoltaic cells for household generation and microgeneration have had the base of their work cut away by the Government's slashing of input tariffs, which will have a disastrous effect on them.

The warning from the Business Secretary and his new friend the Chancellor was a call to action—fine words, but we all know that actions speak much louder. In my constituency and in the wider north-east the impact of the Government's failure has been, and will be, enormous. Even before their economic sabotage, the Local Knowledge public sector employment survey predicted more than 287,000 public sector job losses in the north-east alone. As a consequence of the Chancellor's statement yesterday, that figure will probably be higher. The Government claim that we are all in this together, but they know, as they knew before embarking on their failed economic experiment, that it will be the poorest and most vulnerable regions and people who will pay the greatest relative cost.

Jessica Morden (Newport East) (Lab): Does my hon. Friend agree that the spectre of regional pay, which the Government raised yesterday, will be a huge concern for workers in Wales and the north-east, who will end up doing the same jobs for less pay?

Ian Mearns: I could not agree more. If we want an economic race to the bottom, that is exactly the sort of policy to follow.

In September 2010 the BBC published a report that demonstrated clearly which regions would suffer most. Spending cuts were "to hit north harder", it reported. BBC-commissioned research showed that industrial areas in the north-east and the midlands are least resilient to economic shocks. It showed that Middlesbrough is ranked as the most vulnerable, followed by Mansfield in Nottinghamshire, and Stoke-on-Trent. The Experian research suggests how England's regions may cope or not cope with further public sector cuts. The study looked at the ability of each local authority area to withstand sudden changes in the economy, and a clear north-south divide is evident in the research. Elmbridge and Waverley in Surrey and St Albans in Hertfordshire are the most resilient places, and places such as those I mentioned are the least resilient.

Jim Shannon (Strangford) (DUP): Clearly, the changes in working tax credit and child tax credit will also affect people, and those who are not on the poverty line but are close to it will be pushed towards it. Does the hon. Gentleman believe that the Government's changes in working tax credit and child tax credit will have a harsh impact on those people who can least afford it?

Ian Mearns: That is exactly the case, and the impact will be felt more greatly in the regions outside the south-east.

The BBC's research revealed a clear north-south divide, and a number of factors within the categories were analysed, including the number of vulnerable and resilient industries within an area, the life expectancy of residents, the earnings of workers, and the unemployment and crime rates. The Deputy Prime Minister even admitted at the time that Experian's research showed that a north-south divide was already present in England. He said that large spending cuts to be announced in the following months should be seen as a broader effort to put the economy on to a more sustainable footing. He spoke about the need to "balance the books", and to redress the balance. From the north-east's perspective, can I thank the Deputy Prime Minister? I think not.

In the face of clear evidence of the north-east's vulnerability, what was the Government's action? In the last financial year, while the 12 least deprived authorities in England have suffered cuts of around £5 per head of population, Gateshead has lost £88 per head, and the 12 authorities in the north-east have lost an average of £84 per head in expenditure, so no one on the Government Bench should dare to come out with the usual mantra of "We're all in this together." It is clear that if we are all in this together, some are dipping their toes and some are in up to our necks.

In November 2010, the Office for Budget Responsibility predicted that 410,000 jobs would be lost in the public sector as a result of the coalition's cuts. However, in October 2011, the Chartered Institute of Personnel and Development said that overall job losses are now expected to be between 600,000 and 750,000 between now and 2015-16. In the north-east already, local authorities have shed well over 10,000 jobs, and 30,000 jobs in the public sector have gone. Some 142,000 people are on the dole in a population of only 2.5 million, and between 12 and 15 people chase each job vacancy in the jobcentres of the north-east. We are not all in it together. There is clearly a divide in the nation.

Where are the jobs in the private sector? Where is the growth that was supposed to replace public sector job losses in the north-east? They simply have not happened, and they will not happen, because the Government's policies are sucking spending power from the north-east's economy. Our high streets are suffering, our shops are closing, and our local economy is shedding jobs. If anything, the private sector in the north-east is becoming poorer. Although there is much innovation, cuts in input tariffs are having an impact on green industries. Other industries, such as Allied Bakeries in my constituency have shed jobs, as has Waverley Vintners. The Alcan smelter in the constituency of my hon. Friend the Member for Wansbeck (Ian Lavery) has lost jobs. Things are getting bad up there, and we need a real rebalancing of the economy. Instead of borrowing money to spend on dole and benefit payments, why do we not use that borrowing to invest in our economy, to provide infrastructure growth and create jobs in construction? We are not all in this together, and clearly the Government must wake up to that fact.

4.4 pm

Brandon Lewis (Great Yarmouth) (Con): Given that I represent one of the most deprived wards in the country, I find it ironic that I should be speaking in this Opposition

debate. In fact, Nelson ward is in the bottom 1% in England, particularly when we look at the lower layer super output areas.

Great Yarmouth is a constituency that, like many coastal towns, suffered from many years of being forgotten and left at the end of the track by Labour. One of the phrases that people often use is that we were at the end of the line and that the last Government forgot about us for 13 years. One of the problems was that too many things were done in isolation—working in silos with pet projects or with specific, centrally led Government projects that did not have enough focus locally, so were never able to have enough impact on the general living standards of people in my constituency or other coastal towns.

Let me give a clear example. Some years ago, Great Yarmouth was given about £17 million, which had to be spent on improving the seafront. I have to say that our seafront now looks superb; the council have set it up brilliantly. It looks fabulous and I advise all hon. Members to visit and see the great improvement. I also advise them not to step too far back from the seafront into Nelson, Southtown or Cobholm; they would see the areas left behind as industry faltered through lack of support and the last Government drew jobs away from rural areas. That included Government public sector jobs; they closed HMRC and set up the programme that eventually led to the closure of our coastguard call centre.

We need a Government like this one, who see things far more holistically and do not focus on only one specific area. That is why I am so supportive of what the Government, across all Departments, have been doing. It can benefit constituents across our country—including, from my selfish point of view, Great Yarmouth.

Amber Rudd (Hastings and Rye) (Con): Did my hon. Friend experience what I did, in the similar coastal community of Hastings? During those Labour years, there was a dramatic fall in average income in comparison with the rest of the country. In Hastings, it fell by £100 a week per person during that period.

Brandon Lewis: My hon. Friend makes a very good point, and I shall give another example. The UK average of gross weekly earnings is about £500 per week or £26,100 a year. In Great Yarmouth, the figures are £420 and £21,900 respectively; in fact, 10% of our full-time workers have earnings of £250 a week or £13,000 a year. That is partly because we have seasonal employment, and nobody did enough to move the situation forward until this Government. What the Government have done in improving things for business is to open up better opportunities for people to earn, look after their families and raise their living standards.

In Great Yarmouth, in conjunction with Waveney constituency and Lowestoft, we now have an enterprise zone. The importance of an enterprise zone cannot be overestimated; it has been set out and led by business people in our area who know what they need to grow businesses and attract them into the area to create jobs. The jobs that we need are not seasonal, but those based on an industry in energy and engineering that has a long-term future. The renewable energy industry believes that there are contracts worth about £80 billion across our coastline, with oil and gas decommissioning and renewable energy. That business will bring jobs to our area.

The enterprise zone, focused on areas designed and requested by local business and business leaders, is already attracting companies. The first company to go into an enterprise zone is likely to be in Great Yarmouth. ScottishPower and Vattenfall have already announced a memorandum of understanding that alone could create hundreds of jobs in one spot in my constituency. That is the kind of thing that will increase living standards. We need a more joined-up, holistic approach.

Education also needs to be part of the issue, to ensure that the skills are right. One of the complaints that I get from businesses, not just in my constituency but across industry, is that there is a shortage of people with the skills required by engineering companies and the energy industry. We need to make sure that we match that skill set to the job requirements of businesses.

Only a few weeks ago I met prime providers for the Work programme. One of them said to me that they were surprised that in certain parts of the country where they expected to have an issue in finding jobs, the problem is not finding jobs, but finding people who will apply for those jobs. In Great Yarmouth, we have third-generation, and in some cases fourth-generation, unemployment. Over the next few years, we need to change that culture—to change the programme so that people want to aspire to that first job. They should understand that that first step on the ladder is not the end of the story. They should not just stay on benefits.

A school pupil actually said to me that their ambition was to go on benefits, because their parents were doing nicely, thank you very much. That does not represent the majority of people, but we need to change that culture so that people look at that first opportunity and want to take the step on the ladder. That first job may not be the perfect one with the perfect salary, but it is the first step on the way to getting where people want to be and can be for themselves and their families. That is good for the entire community.

Justin Tomlinson (North Swindon) (Con): Does my hon. Friend agree that the welcome expansion of apprenticeship schemes is giving young people the opportunity not only to take that first step, but to learn applied, real-life skills that businesses in constituencies across the country are crying out for?

Brandon Lewis: My hon. Friend is right, and directs me perfectly to the point I was about to make, which is that apprenticeships are a hugely important part of raising living standards. In my constituency alone, the number of people taking up apprenticeships has increased by about 60%. Apprenticeships give opportunities for people to get real-time work experience and for companies to train people so that they have the skill set that readies them to take on work. One of the things the Government have done well and that we can do more of is highlight the value of apprenticeships, so that young people do not regard university as their only or primary option, but see apprenticeships and going straight into the workplace as a genuine, viable and valuable way to contribute to their own family as much as to society.

Angie Bray: Does my hon. Friend agree also that the Government's creation of the national citizen service scheme, which is giving 16-year-olds the chance to train together, work together and develop projects together,

[Angie Bray]

provides a sure-fire way for them to gain the self-esteem and the confidence they need to take them forward into the workplace?

Brandon Lewis: Absolutely, and I would add that we also need to look at how to get businesses growing faster and quicker to employ more people. Having more people working in the private sector is without doubt the best way to raise living standards both for them and for our country, because having more jobs reduces welfare costs. That is hugely important and it is why I was so pleased to hear the Chancellor's announcement yesterday about fuel duty being frozen and not increased in January. That, combined with the work already done to get rid of the fuel duty escalator, will get prices, although high, lower than they would otherwise have been. That is important—

Sheila Gilmore: Will the hon. Gentleman give way?

Brandon Lewis: No, I will not give way again.

The fuel duty measures are important not only to commuters and consumers—parents trying to get their children to school and young people trying to go to work or get to job interviews—all of whom will be better off, but to firms in transport and logistics, which need to be able to invest more in their businesses, to grow them and to create more jobs.

The Government are also working to protect the elderly, who have given so much already. Making sure that they get their winter fuel allowance and the right protection for their pension, as was announced yesterday, means that we are doing all we can, in the circumstances we inherited from the previous Government, to provide for the people who need help the most.

To me, the key is to bring all that together—education and welfare reforms, and the work being done through the Treasury and BIS on taxation and apprenticeships—in an holistic approach. In that way, our country will be able to move forward and we will see the real improvement in living standards that we all want.

4.12 pm

David Miliband (South Shields) (Lab): This is a time of some gravity for our economy and our society. I shall address two aspects of today's debate: first, the past 18 months and whether, if the Chancellor had made different decisions, we would be in a different position now; and secondly, the future—the prospects for growth and jobs for our constituents and, above all, whether we can avoid successive further downgrades, after the four that have already occurred, to the economic forecasts published since the general election.

The Prime Minister has introduced a bazooka test for the eurozone countries. My shorthand reading is that in Britain the bazooka marked "austerity" has been far too big and the bazooka marked "growth for the future" far too small. I shall explain that view in my speech today.

The Chancellor's claim is very specific: that his plan of fiscal austerity is the best route to economic expansion. He uses four arguments to support his case. First, he says that the evidence of Canada in the 1990s shows that the seemingly impossible, a "contractionary expansion", is proved possible by the Canadian experience. In fact, the Canadian squeeze took place at the same time as the Clinton boom in the United States—Canada's primary export market. Yet the export of which the Prime Minister and the Chancellor are the most proud is the export of their austerity message to the rest of Europe—our primary trading partners. That was seen at the Busan summit, within a few weeks of this Government coming to office. In the process, they are killing the markets on which we depend.

Secondly, the Chancellor has said that private sector growth was previously crowded out by the public sector, but in his speech yesterday he accepted that Government needed to support private enterprise, including through fiscal policy, although admittedly using the off-balance-sheet tactics that he denounced so forcefully during the last Parliament. Retrenchment in the public sector is no guarantee of renaissance in the private sector.

Thirdly—this, I think, is particularly important—the Chancellor says that international markets have voted with their feet in buying UK gilts and driving down yields over the last 18 months. However, the biggest buyer of gilts in recent years has been not the international markets but the Bank of England. I will not dwell on the fact that the Chancellor denounced quantitative easing when he was shadow Chancellor, but he surely knows that for this financial year the Bank of England will have bought no less than 42% of gilt issuance. The Bank now owns more than 30% of the total gilt stock, compared with zero in 2008, while the proportion of international market ownership has barely changed. Interest rates are low in this country because of Bank purchasing policy, not because of Government fiscal policy.

Mrs Jenny Chapman (Darlington) (Lab): I am no expert, but is my right hon. Friend saying that the Chancellor's economic plan is a catastrophic failure?

David Miliband: My hon. Friend has demonstrated that it is harder to make a short speech than a long one, but she has summed up very well in a few words what I am trying to say in rather more.

Fourthly, the Chancellor says that without austerity we would be in the same position as Greece, but the maturity of British bonds is closer to 14 years than to the 14 weeks or 14 days that seem to afflict the Greeks; much more of our borrowing is covered by domestic savings; and above all—unlike countries including Italy, which the Secretary of State mentioned—we have our monetary sovereignty. Far from the Government's having instilled confidence and stirred entrepreneurial spirits for the future, confidence has dropped further and faster in Britain than anywhere else in the last 18 months, and had done so well before the euro crisis. Moreover, the level of confidence is lower than it was when the Government came to office.

Claire Perry: It is so refreshing to hear a grown-up make a speech from the Opposition Benches. Does the right hon. Gentleman agree, however, that quantitative easing took place originally in 2009—so the money was effectively already in the Bank of England's coffers at the time of the election—that since then interest rates in

Britain have dropped by more than one percentage point, and that we are now borrowing money more cheaply than Germany?

David Miliband: The hon. Lady is right, in that the zero stock held by the Bank of England in 2007-08 meant that quantitative easing had not yet started. When it did start, the stock went up. However, as she will know, since the general election there have been three further rounds of quantitative easing, including the most recent injection of £75 billion. That does much to explain why, although yields have fallen, international market ownership of the stock has not changed. I hope that she will engage with the issue that I am raising in all seriousness, because it is a serious problem for the Government's argument.

In respect of the future, I want to concentrate on an aspect of the debate that relates directly to the Secretary of State's responsibilities: youth unemployment. Let me repeat something that I said on television last week, half of which the Prime Minister and the Chancellor have enjoyed quoting. The current Government did not invent the problem of youth unemployment, but my goodness, they have made it worse. That is the charge against them. As the Secretary of State will know, it is a fact that structural unemployment among 16 to 25-year-olds stubbornly refused to fall below 10% even in the good years, when the economy was cantering along, and it is true that unemployment rose in 2005-06.

Stephen Williams (Bristol West) (LD): Will the right hon. Gentleman give way?

David Miliband: No, let me make this point.

It is also true, however, that between the start of the Labour Government and the financial crisis, long-term unemployment fell by 78%. It fell again, by 38%, between January and December 2010, before the Government's first Budget decisions were implemented. In January, 150 people aged 16 to 25 in my constituency were claiming jobseeker's allowance for more than six months. Today the figure is 420, and the figure in the north-east has doubled to nearly 9,000. Youth unemployment across Britain is now at record levels. Severe long-term youth unemployment—the number of people who have been out of work for at least 12 months—stands at 260,000, up by over 100,000 in 18 months, and the number of NEETs, those not in employment, education or training, has risen to 1.2 million. The Secretary of State agrees with me that those figures are a disgrace for any Government or any country. The question is what we do about it. I hope that the Government will take the following points into consideration as they think about the roll-out of their work contract.

First, the Work programme is fine in good times, in a growing economy, but it is not enough to give people job interview preparation when not enough jobs are being created in the economy as a whole. Secondly, the wage subsidy that is being introduced is designed to help 53,000 of the 260,000 long-term youth unemployed. When in 1995 the then Chancellor of the Exchequer introduced a similar scheme, however, it helped 2,300 people. The Secretary of State needs to look at those figures and understand why. Thirdly, the growth in apprenticeships is welcome, but it has got to be for the under-25s. Finally, young people who need help with transport costs, disabled young people and young people with carers need extra help. He knows it as well as I do. It is bad enough to be young and stuck on the dole. It is double the agony to be promised a job and then find that you will not get it.

Let me finish with this thought. The Chancellor's

> "latest economic commentary shows just how out of his depth he is when it comes to important economic issues. Slashing spending now could push the economy back into recession and inflict further structural damage on the UK".

Those are not my words, but those of the current Business Secretary in February 2010. How right he was. It is time for a change of course, and it is time for a change of course now.

4.21 pm

Stephen Williams (Bristol West) (LD): Yesterday, I think we all agreed when listening to the Chancellor's statement that much of what he had to say was grim news indeed. It was worse than many of us had anticipated. The situation was certainly worse than the last Government declared when they were in office, or even predicted when they could choose their own predictions. It was also worse than the independent Office for Budget Responsibility forecast when this Government came to office.

We now know that finances will be difficult throughout this Parliament. There will be a squeeze on many people's real incomes. Perhaps more importantly, in terms of confidence, there will be a suppression of hopes and expectations. I understand absolutely why many people are anxious, and I even understand why many people are right to be angry about the situation in which we find ourselves. They are also right to think that some people are indeed "out of touch", as the motion puts it.

We have seen in many major cities around the world the Occupy people, who are protesting against capitalism. I do not agree with much of what they say; I am a free-market liberal, and I want capitalism to work. Those of us who believe in the functioning of the market economy, however—I think that this now unites the three main parties in this country—must address the concerns that many of our constituents feel about the failure of the market economy to deliver fairness in our society. Last week, the High Pay Commission referred to the "gross inequality" that has arisen in our society, most of which arose, of course, during the period of the last Labour Government. The average pay of someone in work is now £25,900, whereas the pay of a chief executive of a top 100 company has risen to £4.2 million —145 times average pay.

Mr Byrne: The hon. Gentleman is kind in giving way, and I am following his argument closely. I am not certain which measure of inequality he is looking at, but I am sure he would accept that the Gini coefficient, which is one of the most popular measures of inequality, was practically the same at the end of Labour's term of office as at the beginning. I am sure he would also accept that, looking around the world, the UK was one of the only countries in the OECD—I think that Turkey and Ireland were the others—where inequality was held in check. It went through the roof everywhere else.

Stephen Williams: We can trade statistics, but the right hon. Gentleman cannot deny what everyone is seeing and what all our constituents are saying to us. They are fed up that the people at the top of companies—

[Stephen Williams]

Labour Members have referred to bankers, but it is not just the bankers; this also applies to others—seem to have got away with it, while people at the middle or bottom are being squeezed. I hope that the Government act on the High Pay Commission recommendations.

The Government are acting to safeguard the living standards of those at the bottom of the income scale.

Hugh Bayley: What would be the hon. Gentleman's policy to reduce the incomes of those on high income, to reduce inequality?

Stephen Williams: I recommend that the hon. Gentleman looks at the High Pay Commission report, which is an excellent document containing many recommendations for controlling executive pay. I urge the Government seriously to consider many of those recommendations, including on the revolving door of non-executives on boards of companies effectively determining each other's pay, where some of the most serious breaches occur.

On hard-working families, to which the motion refers, the Liberal Democrats' No. 1 policy commitment at the last general election was that, in order to make work pay, we would raise out of income tax those on low earnings and those working part time by increasing the income tax threshold to £10,000 over the lifetime of the Parliament. Progress towards giving effect to that aspiration is being made throughout this Parliament. Let us contrast that with the last Budget of the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) in 2007, when, just before becoming Prime Minister, he financed an income tax cut through a tax rise for the poorest in society. I remember watching Labour Members waving their Order Papers and cheering that income tax cut—

Steve Webb: They did not understand.

Stephen Williams: As my hon. Friend the Pensions Minister says, they did not understand that their own Chancellor was financing election populism on the backs of the poorest workers in society. Let us have fewer lectures from Labour Members on how to treat people on low pay in work.

Several hon. Members *rose—*

Stephen Williams: I have taken two interventions. I will not take any more.

The Secretary of State for Work and Pensions referred to another reform that the coalition Government will introduce—universal credit—to sweep away the labyrinth of benefits and tax credits that are a legacy of the last Labour Government. In the autumn statement, the Chancellor confirmed that working-age benefits and benefits for disabled people would be increased by the full CPI rate of 5.2%, which puts into the pockets of the poorest in society extra cash that they will spend almost immediately in their local communities.

Sheila Gilmore: Will the hon. Gentleman give way?

Stephen Williams: I have taken two interventions.

There was pressure from certain quarters not to make that increase, but the coalition has done the right thing and stuck by its promises to the poorest people in society.

On children, which the motion also covers, tax credits for children are being increased—given all the rhetoric, one would swear they were being cut—by the rate of inflation, 5.2%. In the long term, we want to transform the life chances of the poorest children in society, through the pupil premium and extra child care for two-year-olds announced in the autumn statement.

For young people, the Government are putting millions of pounds behind increasing apprenticeship places. The right hon. Member for South Shields (David Miliband) did not want to take my intervention on youth unemployment—

David Miliband *indicated dissent.*

Stephen Williams: He can shake his head and then he can deny that youth unemployment was 650,000 in 1997, and after one of the longest booms in Britain's peacetime history the Labour Government left behind 930,000 young unemployed for this Government to deal with.

For pensioners, the autumn statement confirmed that the basic state pension will be increased by £5.30, the biggest cash increase in the history of the state pension. That increase comes about because of the triple lock that the coalition Government have put in place. Let us remember another policy choice that could have been made. In 2000, when the previous Government were in office and when earnings rose by 4.4%, the CPI was 1.2% and inflation was 1.1%, which measure did the previous Labour Government choose? They chose the lowest, producing a 75p pension rise. That was at a time when the budget was in surplus and we were in the middle of a boom. In these difficult times, the Government have done the right thing by pensioners as well. No wonder that pensioners were left out of the motion that has been tabled today.

The motion mentions a squeeze, but the biggest squeeze that could be inflicted on citizens in our country—the 29 million people in work—would be on their mortgage payments, their debt interest payments, and the loans of the businesses that employ them, if the international markets were to lose confidence in this country.

The motion says that the government are "out of touch". There is some cheek, some chutzpah, at the heart of a motion worded in that way by a party formerly led by Tony Blair, alongside whom the architect of new Labour, Peter Mandelson, said that he was "intensely relaxed" about people becoming filthy rich. If the shadow Secretary of State wants to see who is out of touch, I suggest that he and his colleagues look in the mirror, because it is they who are out of touch with reality.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. In order to fit in more Back-Bench contributions the time limit is being reduced to five minutes, and it is likely to be reduced further because of the number of interventions being made.

4.25 pm

Teresa Pearce (Erith and Thamesmead) (Lab): I spent this morning talking about living standards with mothers in my constituency, who are losing a day's pay today to stand with other public sector workers fighting for a decent pension. They told me that they had not taken

strike action lightly or easily, and had never been on strike before. Many of them are low paid; they are all women. They told me that under the Government's proposals for public sector pensions, when they retired they would receive only just enough to keep them above the threshold for means-tested benefits.

The Government like to encourage the myth that pensions in the public sector are gold-plated; they are anything but. The average pension in local government is £3,800 a year, and for women it is even lower—£2,800 a year. More than half of all women pensioners who have worked in the national health service receive a pension of less than £3,500 a year. Nobody in society benefits when pensioners are in poverty, and if people are reliant on state benefits in retirement, that costs the taxpayer more in the long run.

Although in my lifetime we have seen progress in terms of a fairer deal for women, it is undeniable that the women now reaching pension age are still at a disadvantage because of the decades for which women's pay was lower. The Government talk the talk about a fairer deal for women, but I do not believe that they walk the walk. Many of us who campaigned alongside thousands of women born in 1954 will remember that the coalition had to be dragged kicking and screaming to make concessions to those women.

Under this Government the pay gap between rich and poor has been widening, and last week the Office for National Statistics figures showed that for the worst-paid jobs, the jobs traditionally held by women—the hairdressers, the dinner ladies and the waiters—pay has fallen sharply in real terms.

Lilian Greenwood (Nottingham South) (Lab): Will not those very women that my hon. Friend is talking about—the dinner ladies and the classroom assistants—be further hit by two years of a pay freeze, followed by years to come in which they will get wage increases of just 1%, if their jobs stay in the public sector and are not privatised?

Teresa Pearce: I totally agree with my hon. Friend. There is wage stagnation at the bottom of the income ladder. People are seeing their pay frozen at the same time as they face higher food, fuel and energy costs. There is a quiet crisis going on behind the front doors of the homes in my constituency, where families are struggling week in, week out to make ends meet. Their financial affairs can be thrown into total crisis by even the smallest unexpected bill.

Today, therefore, I want to talk about how the Government have decided what side they are on. They have driven on with that course, no matter what. It has to be said that we in this House are the privileged few, and surely the moral duty of those with privilege is to defend those who have little or no power. But that is not what I have witnessed since I came here in May 2010. What I have seen is a systematic, focused political attack by the Government on the poor, the weak and the voiceless.

In the May 2010 emergency Budget child benefit was frozen, housing benefit was capped, the health in pregnancy grant was abolished, and Sure Start grant was restricted to the first child. The Library said that 72% of those cuts fell on women. In October 2010 the same thing happened: more cuts—cuts to local government, cuts to Departments whose work affects women, and nearly half a million jobs cut from the public sector. When it comes to cuts, it seems to me that it is "women and children first".

That leads me on to yesterday's announcement. In June 2010 the Chancellor announced plans to increase child tax credits above inflation as a measure to prevent rises in child poverty. The spending review in October reaffirmed that pledge. Yesterday the autumn statement said that that decision would be reversed. *The Daily Telegraph* said today that the Treasury admitted that the cuts in tax credit would "theoretically" push 100,000 children into poverty. Let me tell the House that the child poverty in my constituency is not theoretical. It is heartbreakingly, grindingly real. So why do the coalition Government think that it is fair, or morally right, to hit hardest those who have the least?

It is not just me who thinks this way. The Children's Society has said that it is "deeply concerned" that the Chancellor

> "has decided to compound the hardship felt by low-income families."

It added:

> "Children in low-income families need to be protected from rising living costs. Instead, the Chancellor has condemned thousands of low-income families to a winter of discontent, with many more to come."

The Working Families charity has said that

> "today's measure will lead to higher levels of in-work poverty, or to more parents being priced out of work."

Anna Soubry (Broxtowe) (Con): Is the hon. Lady really saying that child poverty has only existed in her constituency for the past 18 months, and that it did not exist in the 13 years when her party was in power?

Teresa Pearce: What I am saying is that child poverty in my constituency will increase as a result of this Government's plans.

Inequality is often most obvious in the context of housing. Every week my postbag is full of letters from families who are living in overcrowded, shoddy, private-rented flats, and whose dream of a decent home seems to drift further away every month. I would welcome any initiative that helps to remedy that, but, sadly, I do not think that the measures announced by the Government, such as underwriting mortgages for families to buy new-build homes, will help families in Erith and Thamesmead.

The indemnity scheme involves taking a lot of risk on to the public-sector balance sheet. That is bad for taxpayers and could be worse for those who take up the scheme. The scheme applies only to new build, and it is widely acknowledged that new build is often marketed at a premium above market value of about 2% or 3%, so a 95% mortgage will, in effect, be close to a 100% mortgage, and if house prices fall buyers will face negative equity and the taxpayer will have to cover any losses. A better way to help families and first-time buyers is through extending stamp duty relief.

Time and again, therefore, the Government show whose side they are on: they cut corporation tax while increasing VAT; they cut housing benefit rather than tackle the unscrupulous landlords who are profiteering from housing benefit while their tenants live in substandard

[Teresa Pearce]

properties. As for the Chancellor, it is clear that not one of his post-election assertions has turned out to be correct: inflation is up; growth has stalled; the eurozone has crashed; the structural deficit is bigger than previously thought; and unemployment continues to rise month on month as the private sector fails to take up the public sector slack, although the Chancellor was certain that it would do so. It appears, too, that everybody else is to blame. The Chancellor has blamed the royal wedding, the weather, civil servants, Brussels, employment tribunals, trade unions, banks, bank holidays, people living longer, energy prices and, of course, the Opposition. We have a Chancellor who wants the power but not the responsibility, and I fully expect him to say at the next Budget, "It's not my fault—"

Mr Deputy Speaker (Mr Nigel Evans): Order. Time is up. I call Guto Bebb.

4.37 pm

Guto Bebb (Aberconwy) (Con): I am pleased to follow the hon. Member for Erith and Thamesmead (Teresa Pearce) because it is important that we challenge some of the myths we have just heard. Before I was elected as Member for Aberconwy, I remember going out in the constituency with the police, and we came across people who were living rough. That was before this coalition Government came to power. From listening to Labour Members, however, one would think that poverty did not exist until May 2010. Their rewriting of history is completely unacceptable.

Mr Byrne: Is the hon. Gentleman as concerned as I am about the Institute for Fiscal Studies estimate that a further 600,000 children will be plunged into absolute poverty over the course of this Parliament, and is he worried about the Treasury's own analysis published yesterday showing that 100,000 children may fall into child poverty over the next year or two?

Guto Bebb: There is not a single Member of this House who will not be concerned about the fact that there are people who are facing real difficulties, but this Government are trying to make sure we tackle the real poverty we have in this country. In Wales, for example, in many instances what we have is a poverty of ambition, which was fostered by 13 years of Labour Government. For 13 years the economic performance of Wales was worse than that of the rest of the United Kingdom. For 13 years, Labour Members happily threw money at an issue in order to salve their consciences—they threw money at the issue and felt they could then forget the communities that I am proud to represent.

I am part of a coalition Government who are aiming to ensure that if people are willing to work and take part in this economy, they will be better off by doing so. The Government are tackling a long-term problem with long-term solutions. It is unacceptable that the Labour party is attacking a Government who are willing to have a long-term strategy by trying to make short-term points about the past 18 months. This Government are brave enough to look not to the next electoral cycle but to the future.

I was astounded when I read the motion, which refers to the need to look after hard-pressed families. It does not read very well if one is a Welsh MP, because the Labour Assembly Government have completely forgotten about hard-pressed families. What has happened with the council tax in Wales, compared with that in England? The Westminster Government have made money available to allow council tax to be frozen, but the Labour Administration in Wales have decided that supporting hard-working families is not a priority. Some Labour Members have said to me, "The council tax saving is £12 a month. What's £12 a month?" For people in my constituency, where the average wage is £23,000 a year, £12 a month is a lot.

Mr Byrne: The hon. Gentleman is making his argument with passion and force, as he always does. He will be worried, I am sure, that the cuts made over the past 18 months mean that in his constituency 700 families are losing help with child care, and the tax credits of nearly 6,000 people are being cut. He must surely accept that that is contributing to the squeeze his constituents are feeling.

Guto Bebb: Indeed. The problem is that the Labour party believes that the Government should be responsible for ensuring that families have money in their back pockets. I believe that my constituents want to take that responsibility for themselves. Hon. Members should be proud of the fact that this Government are trying to ensure that those who work are better off. My constituents will be able to keep more of their earnings because we are moving to higher personal allowance rates, and I welcome that.

Sheila Gilmore *rose—*

Guto Bebb: I have already taken two interventions.

It is disingenuous of Labour Members to say that they are concerned about the incomes of hard-working families when the Labour party in Wales is unwilling to pass on council tax savings that would be appreciated by people in my constituency and across Wales. They have the cheek to say that the VAT increase implemented by the Government—made necessary by the financial situation that the previous Government left—should be reversed without explaining where the money will come from. Even more bizarre, Labour spokespeople explain in the media that the VAT reduction they propose would save the average family £450. I have no idea where that figure comes from. Such a saving would mean that an average family had £18,000 of disposable income to spend on "VAT-able" goods. I will not come across a family in my constituency with £18,000 of disposable income, let alone one with £18,000 of disposable income to spend on "VAT-able" goods and services.

The inflation figures show that families are being squeezed by increasing food prices. What should the Government do about such increases? Food is subject to VAT at 0%. As a result of high street competition, the prices of goods and services subject to VAT are going down.

We must be honest in this debate. In very difficult circumstances, the Government have attempted to look after the weakest in society. I was proud of the fact that yesterday, despite the changes to the Government's

finances, the triple-lock guarantee on pensions was kept. Average ages in my constituency are the highest among constituencies in Wales, and the Government's decision will go down very well, compared with the previous Government's 75p insult to pensioners. We should also be proud of the fact that we are increasing child credits by £390.

More crucial is the fact that, unlike the previous Government, this Government recognise the real threat to family incomes—the increase in fuel prices. I welcome the fact that the Chancellor listened and that, in extremely difficult circumstances, the previous Administration's proposed 3p increase in fuel duty, scheduled for January, is to be postponed. Fuel prices are high—again, owing to circumstances beyond the control of the Government—but time and again the Government have listened. We had the 1p reduction, and the 5p increase was cancelled.

Albert Owen (Ynys Môn) (Lab): And the VAT rise?

Guto Bebb: The VAT rise is a fair point. That is possibly 2p, but we have seen duty frozen—11p, in effect, off the price, and frozen for 19 months. When the previous Administration were in power, we saw fuel duty increase by 20p and I did not see any Labour Members express any concern for those living in a rural area such as mine, where people have to travel 20 miles to get to the supermarket. This Government listen. They listen to the concerns of the elderly and of people in rural communities.

Nia Griffith (Llanelli) (Lab): Will the hon. Gentleman give way?

Guto Bebb: I have already taken two interventions.

More importantly, this Government know that the way out of the situation that we inherited is to champion self-reliance and enterprise, and to say to people in Wales, "Back in the 1980s we were creating more businesses than any other part of the United Kingdom. We had more new VAT-registered businesses than any other part of the United Kingdom." I have confidence in the people of Wales. Unfortunately, the past 13 years have been wasted, but with this coalition Government, we will see change and we will see growth.

4.45 pm

Ms Margaret Ritchie (South Down) (SDLP): I support the motion before the House and I want to bring to the debate the perspective of a rural constituency in Northern Ireland.

There is irrefutable evidence that families, young people, the elderly, low to middle income earners and those in receipt of benefits have all found themselves squeezed, have less money to provide for essentials for daily living, and justifiably feel that they have been unfairly treated by the coalition Government. They also feel that the Government have removed the sense of fairness and equity from their vocabulary.

Proposed punitive regulations and legislation surrounding welfare reform will make the situation worse, making it more difficult for people to access benefits. At the same time they will be unable to obtain jobs. Although the concept is laudable, the jobs are not there because of the economic recession. The spectre of emigration therefore looms again, this time to Australia and New Zealand, and many small rural communities have found that young people who should be making a contribution to the economy through self-help, through the private sector or through the public sector, have simply gone away.

Added to this, the increases in fuel prices are leading to deepening fuel poverty, and the rising cost of motor insurance, particularly in Northern Ireland where it is more acute, prevent many young people from making themselves available to work where a requirement to drive is a pre-requisite on the job application. Levels of youth unemployment have risen, so child poverty has deepened. Levels of deprivation and disadvantage have deepened. We must not let the Government condemn us. We believe in self-help and in collaboration, and we have done that. We have developed our assets to their full potential but still that has not been enough because of the Government policies, which have been an onslaught on our rural economy, particularly in areas such as Northern Ireland where deprivation is at its most acute.

Against that background, we had the Government's autumn statement yesterday. Although parts of it may be welcome, there are areas that require clarification. They centre on the cap on public sector pay, the rise in state pension age that goes with it, and the need for spending commitments to be fully subject to the Barnett consequentials. There is no doubt that in the face of the mounting economic recession, the 1% cap on public sector pay, following on from the current freeze, is derisory and unacceptable. It will prove highly controversial in a place like Northern Ireland, particularly in the light of today's strikes.

Nia Griffith: Does the hon. Lady agree that not only will the cutting back on public sector jobs affect young people's opportunities, but the 3% tax—the £2.8 billion that the Government hope to raise from the increase in pension contributions—will suck money out of the economy across the UK and drive families into poverty?

Ms Ritchie: I do agree. In fact, we were the only party in the Northern Ireland Executive that voted against the hike in pensions, which we found totally unacceptable because it will impact on the most vulnerable in our society.

We would also like to know what the Barnett consequentials for the devolved Administrations will be in relation to the announcements in the autumn statement of the £16 billion youth contract and the £400 million for house construction projects.

I and my party colleagues support this motion because it clearly highlights the deepening problem of poverty right across Northern Ireland and because we support our colleagues in the Labour party in Britain.

4.49 pm

Mr Robert Syms (Poole) (Con): At the end of the Labour period in office, when the first financial storms hit us in 2007, it was clear that the country was, at that point, living beyond its means. It had a deficit of about 3% of GDP, while at the same time the Germans had a surplus. Then we hit all the problems of the banking collapse. The hon. Member for York Central (Hugh

[Mr Robert Syms]

Bayley) was right: thank God Britain had a low debt level of gross domestic product because that allowed the Government—

Hugh Bayley: Reduced by Labour.

Mr Syms: Yes, partly because of that. Traditionally in Britain it has been about 40%, so that gave the Government some room for manoeuvre. Any Government in office would have had a large increase in its deficit given what hit them in 2007 and 2008. There is no great argument about that and, as someone sitting on the other side of the Chamber, I think that many of the things that the right hon. Member for Edinburgh South West (Mr Darling) did were beneficial in trying to maintain a fragile economic situation.

Having said that, we cannot continue to increase debt year on year at the rate we were in 2009, 2010 and 2011 or we will overwhelm the British economy. The worst thing for our constituents is not paying tax; it is paying tax to pay interest on money being borrowed from someone else. The Government had to make a judgment, and their judgment was to set out an economic policy gradually to reduce our debt over five to seven years to a level that, once it tops off in 2016-17, can then start to be brought back to the level of more normal years, which is about 40% of GDP. In an environment in which the world was growing rapidly, that would be easier. In an environment in which the eurozone is blowing up, and there are high fuel and food prices, it becomes much more difficult. That is part of the problem for the Government in the short term. It is events—it is what is happening around the world.

There is nothing surprising about where the Government are. Sticking with the policy is perfectly sensible, but things do not go in a straight line in economics, and there will be OBR forecasts and Budgets where the figures for debt increase, and some where they decrease. It will depend to some extent on world events.

Richard Fuller (Bedford) (Con): My hon. Friend is talking about debt levels. Was not one of the issues under the Labour Government the integrity of the public finances? Their estimates of public sector debt did not include the private finance initiative, which was a grossly exaggerated amount of public benefit, and they did not include the burgeoning increase in public sector pension claims on the economy. Does my hon. Friend agree that another aspect of debt in which the Labour Government's policies were embedded was increasing the costs that people had to pay for their housing through the ever-increasing impression that housing wealth was real wealth? That has had a real impact on people's well-being and living standards today.

Mr Syms: Clearly, and another problem in the British economy is that there is a lot of private sector borrowing. We have a high level of indebtedness, both of government and of the private sector. In Italy, they save rather more than we do, and as a country we should try to encourage more of our citizens to save and not live on the never-never in the long term.

I support what the Chancellor did in the autumn statement. We are clearly in choppy weather, but that is no reason to change course. We cannot adjust the budget down or raise taxation painlessly. The living standards of most of the population will be squeezed. As the IFS and other organisations have said, living standards have fallen by about 7% over the past two to three years. The good news is that next year the projection is for things to be fairly flat, with some modest recovery after that. It may well be that when we get to 2015—the general election year—we have lower living standards than in 2010 as a consequence of the fact that we have inherited a major deficit, very difficult problems and a pretty rotten international environment. That is no reason for going off course, but it is a reason for sticking to a very sensible policy. Labour Members may think that we cannot do things without breaking eggs, but that is not so. We have to raise the tax burden and reduce spending, and I am afraid that that has consequences.

Toby Perkins (Chesterfield) (Lab): The hon. Gentleman said at the beginning that this would have happened under any Government. I congratulate him on his frankness, but the Chancellor is in complete denial about that—he wants to disown the fact that in 2007 and 2008 his policy was to follow Labour's spending plans. The hon. Gentleman is right and his Chancellor is wrong, and I hope that he will try to get him to be a little more frank in future. No one disagrees about the need to reduce the deficit, but we are cutting more and more and yet the debt is going up way beyond what was predicted because the policy is not working.

Mr Syms: We have been in office for only 18 months. It will take six, seven or eight years to stabilise the debt and probably several more to start reducing debt as a proportion of GDP.

I have said some complimentary things about the right hon. Member for Edinburgh South West. I rather suspect that had Labour won the general election in 2010 and Labour Members were sitting on the Treasury Bench, they would have a policy not dissimilar from that of the current Government. The seriousness of the problem is demonstrated by the fact that we are acting as a coalition Government. For all my political life, we fought the Liberal Democrats like ferrets in a sack, yet we have managed to find some degree of agreement because of the scale of the economic problems that we face.

The Government's policy is sensible and measured in trying to do things gradually. That means that it will take a long time to implement, but we will ultimately get to a point where we have managed to reduce debt and get the economy into a much better state. In the short term, as I say, it is going to hurt, but I am afraid that that is a consequence of where we are. I see no other way around that. Tough decisions are necessary. I am glad that the Government—Conservative Ministers and even Liberal Democrat Ministers, to my surprise—have taken some pretty tough decisions. They are doing so for the national interest and for the interests of our children and our grandchildren.

4.57 pm

Robert Flello (Stoke-on-Trent South) (Lab): The hon. Member for Poole (Mr Syms) almost had me agreeing with some of his speech, certainly in its early moments, but I am afraid that he blew it at the end when he talked about the Chancellor being sensible and then praised the Liberal Democrats—neither of the main parties in this House should stoop to such a level.

We have heard the phrase, "We're all in this together", many times over the past 18 months. I wonder how the 11,600 families in my constituency who will see their tax credits cut by an average of £680 per annum—on top of the three-year child benefit freeze and all the other cuts that they have seen—will feel about our all being in this together. I think they will be sitting there thinking that we are certainly not all in it together. Around the country, 100,000 more children will be in poverty as a result of this Government's plans, proposals and policies. Will they think that we are all in it together? I somehow do not think they will. The number of young people in my constituency who are aged between 18 and 24 and have been claiming jobseeker's allowance for six months or more has increased by 154%. That is a huge increase in the number of young people who find themselves in the position of not having any work. They will not think that we are all in this together, and rightly so, because we are not.

The Minister sneered a few times when the issue of bankers came up. The Government are keen, with their coalition pals, to talk about how hard they have been on the bankers with their levy. They always seem to forget that they offset the hit of the levy with the corporation tax cut and other giveaways to the bankers. The bankers are not sitting there saying "We've been really hard hit by this; we're all in this together"—of course they are not. They are quite happy because on the face of it, they have had this big levy, but the reality is that that is diminished by the corporation tax changes and other benefits.

The pay of FTSE 100 directors has risen by 49% but my constituents can only dream of a 4.9% increase in income. Are we all in this together? I do not think that we are. A pattern is developing. The wealthiest, the bankers and the FTSE 100 all seem to do nicely as against the children and the poorest. The three poorest deciles are being hit three times as hard as the top decile.

Steve Webb *indicated dissent.*

Robert Flello: The Minister shakes his head, but I am afraid that the figures do not support his position.

The Opposition are wrong to say that the Government's policies are hurting, not working, because they are not hurting but murdering our communities. They are so punitive that they are destroying our communities. We are not all in this together by any stretch of the imagination. We heard earlier about a list of areas that were among the most vulnerable to the impact of the cuts. Stoke-on-Trent was high up on that list but the Government's policies actively take money away from places like Stoke-on-Trent to help all-in-it-together places like Kensington and Chelsea or Westminster, which obviously need the money far more than do the people of Stoke-on-Trent.

Then there is this nonsense, this con—let us get it out on the table—of the freeze on council tax. I am sorry but this 2.5% increase in council tax, which is what this nonsense would amount to—

Sheila Gilmore: Does my hon. Friend know that in Scotland we have had five years of the council tax freeze? For some of the poorest people in the community, it has in effect put up things like charges for home care because the freeze pushes the costs out elsewhere.

Robert Flello: My hon. Friend makes a sound point, to which I was just coming. Because of the large number of band A properties in Stoke-on-Trent, the tax take is relatively low. Just taking the 2.5% increase instead of the much larger imposition that would be needed to go some way to not having to make the £24 million or so of cuts this year on top of the £36 million or so last year, means that the council will probably be unable to afford not to raise the price of things like respite care or day care centres. The council could not take the 2.5% pay-off to do that but would have to raise council tax by more to get some way to avoiding that.

Day care centres are under threat. There is talk of closing such things in Fenton and in Burslem in the constituency of my hon. Friend the Member for Stoke-on-Trent, North (Joan Walley). These cuts across the board are again hitting the poorest and most vulnerable people in our society who live in Stoke-on-Trent.

I have a long list of things, but in the time I have left, I want to mention something that the Chancellor announced yesterday in respect of what on the face of it appears to be help for energy-intensive users. Stoke-on-Trent has many energy-intensive users in the ceramic industry. As Dr Laura Cohen of the British Ceramic Confederation has said, the thresholds have been set so high and the proposals have been done in such a way that they will not help ceramic producers in Stoke-on-Trent, many of whom have contacted the confederation to say that it is an empty gesture that will not assist them. That is the sort of thing that Government policies are doing. They are hammering communities such as Stoke-on-Trent and, frankly, that is outrageous.

5.3 pm

Charlie Elphicke (Dover) (Con): I want to talk particularly about the importance of getting the country going in order to raise living standards. I pressed the right hon. Member for Birmingham, Hodge Hill (Mr Byrne) on what Labour's growth plan was and how much it would cost. I will happily accept any intervention from Opposition Members on this, but it seems to me that it would cost billions. How would it be funded? It is clear that it would be funded by debt—more borrowing.

We have narrowly avoided suffering from the debt storm throughout Europe, but were we to give way on the fiscal rectitude that we have shown and to go to the markets and borrow to fund Labour's extravagant growth plan, we would be at risk of higher interest rates. Let us bear in mind that every one percentage point increase in interest rates means another £1,000 on the average mortgage.

Painful though the programme to cut overspending has been for so many people throughout the country, the most important achievement—the most important tax cut, if we like—has been the reduction in the cost of borrowing. It has helped so many hard-pressed families, including those in my constituency, to muddle through the recession as best they can, in a situation in which global inflation from imported goods, such as petrol and so on, has been higher and has put pressure on living standards, as every constituency MP understands all too well.

These are very difficult times not just for my constituents in Dover and Deal, but for everyone in the country who finds themselves without a large pay rise at work and

[Charlie Elphicke]

facing rising global food prices. It has been a very difficult year, as the OBR makes clear. This year, average inflation has been 4.5%, yet average earnings have not kept pace. It has been difficult, and it has been a squeeze, but world prices, including in commodities and food, are something over which no Government have any great control. I, like my hon. Friend the Member for Poole (Mr Syms), have not heard from the Opposition any clear plan for what they would do differently to deal with the situation, but it does get better next year as those things work their way through the system.

Lorely Burt (Solihull) (LD): My hon. Friend paints a picture of the difficulties that families throughout the country face, and I fully understand the points that he makes. Will he speculate on how much worse the situation would be if, having entered government with a warning on our triple A credit rating, we had not taken those necessary steps? We would be in the same situation as Italy or even Greece. How many more families would be out of work, and how much smaller would be the amount of money to go round?

Charlie Elphicke: I thank my hon. Friend for that powerful intervention, and she is absolutely right. The point has been made that, when we entered office, we had similar interest rates to Italy, but its rate is now up at about 8% and we are basically parallel with German borrowing. If we were turned by the Opposition into—dare I say it?—an Italian job, we would find that interest rates shot up for the average home owner and small business borrower, and that we faced serious difficulties and serious economic decline. In fact, we are not in recession and we are still growing.

Caroline Nokes (Romsey and Southampton North) (Con): On my hon. Friend's point about the real difficulties that we would face if our interest rates were the same as those in Italy or Greece, does he agree that the 25,000 home owners in my constituency would face real hardship, real misery, and possibly repossession?

Charlie Elphicke: I could not agree more. If we had pursued such a plan, we would now be in recession, and the fact that we are not in that situation and do not plan to be is a testament to how well the Chancellor has managed the economy since the election, and to how well the coalition Government have done in taking the tough and necessary decisions to steer the right and careful course.

The situation is, of course, difficult for our young people. All Government Members feel painfully how difficult it has been with youth unemployment, and it would be a lie to say otherwise, but we have taken action: we have had an apprenticeship revolution, which has done so much; we have seen the new youth contract, which is going to make such a big difference; and, although we know that the trend had been rising for some time, we now need to reduce it and to turn the oil tanker around. I am confident that this Government are absolutely determined to do that.

Andrew Jones (Harrogate and Knaresborough) (Con): When the Labour party left government, it left huge debts, and the cost of paying just the interest is running at about £44 billion a year. That works out at about £1,800 per household in taxation—just to pay the interest on Labour's debts. Does my hon. Friend agree that that is having a huge impact on the spending power of families and is one reason why they feel under real pressure?

Charlie Elphicke: I absolutely agree. The saviour has been the low interest rates, which have meant that they are less squeezed than they would have been had Labour been in power.

Hugh Bayley: Will the hon. Gentleman give way?

Charlie Elphicke: No, because I have taken three interventions, which is more than generous.

Finally, it is not the job of Government to create jobs. Jobs, wealth and prosperity are created by business. A Government who want higher living standards and economic growth are a Government who will back business to the hilt and ensure that it has a stable environment in which jobs can be created. I welcome the enterprise zones that have been created, the incentives for business to grow and create job opportunities and the measures to help business announced by the Chancellor in the autumn statement. I welcome all the reductions in corporation tax, the cut in the small companies rate, the extension of loan guarantees, the simplification of health and safety laws, the investment in science and apprenticeships and the promotion of exports through major trade missions. That is what we should be doing. We need an activist Government who are concerned with active growth and making this country this great again after 13 years in which Labour took us back to the edge of bankruptcy, just as it did in the 1970s. We want to take this country forward to better growth and living standards and better prosperity and business success across the world.

5.11 pm

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): I draw attention to my registered interests. I was interested to hear the comments of the hon. Member for Dover (Charlie Elphicke). All I can say is that it would be nice to see some of the growth he talks about, but he must be aware that it is proving stubbornly resistant to the policies the Government have adopted.

I intend to focus my remarks on the housing market and associated benefits, which the Minister will be familiar with as his Department is responsible for them. I will do so for three reasons. First, the availability and affordability of housing is critical to people's living standards. Secondly, housing and construction have a huge contribution to make to employment and the country's economic performance, and currently they are underperforming. Thirdly, the Government's policies in this sector provide in microcosm a rather telling illustration of incoherence, which is why their policies, not just in housing, but across the whole economy, are doomed to failure.

Like the wider economy, the housing market is in a fragile and parlous state. The recovery that was under way in the early months of 2010 has been halted in its tracks, output has plummeted and net additions to the housing stock in the latest 12 months are just 121,000, the lowest ever recorded and only half the level required

to meet estimated need. New housing starts are even worse. In the latest 12 months new starts fell below 100,000 to just 96,000.

The Government have responded with some measures. The mortgage indemnity scheme announced in the autumn statement addresses one of the factors that are currently inhibiting the market: the availability of mortgage finance to people who cannot raise substantial deposits. I welcome that, with some reservations, but it does not address the other factors discouraging market recovery, particularly the wider economy; the fear of unemployment, which clearly inhibits people from taking the risk of purchasing a new house; and the considerable problems of uncertainty in the planning system, which are the product of the Government's ill-considered meddling in planning rules. The scheme does not provide the rapid response that is urgently needed, because we do not yet know the full details, how lenders will respond or, critically, what interest rates are likely to apply on mortgages given with the indemnity. If they are high, that will largely undermine the potential benefit, thereby reducing potential take-up. We do not yet know when the scheme will come into operation. We think that it will be in the spring, but that is almost six months away and in the meantime the market is seriously underperforming.

The position in the rented sector is even bleaker. The Government have made huge cuts to the Homes and Communities Agency budget for investment in housing, essentially stopping social housing investment. There has been an overall cut of 60% in investment and in the latest six months only 454 new social and affordable homes were started in England. That is a measure of just what a desperate state the affordable housing market is in.

The Government's new policy is based on the Orwellian concept of affordable rents. The previous Government's policy of target rents was based on a formula that took account of earnings, so it generally delivered rents that were affordable to people on low incomes. The new affordable rents, however, are related to market rents, and the concept is 80% of market rent. In areas of high values, such as London and the south-east, that is a recipe for huge rent increases, and in some cases a doubling of rent levels.

The interesting question, to which I hope the Minister will give some thought, is how people on low incomes will meet those vast rent increases. Either they will go elsewhere, and probably the only option is the private rented sector, where rents will be even higher because, by definition, they will be market rents, or they will be dependent on housing benefit. Back in the 1980s and 1990s, the then Conservative Government talked about housing benefit being the solution to coping with higher rents. The problem now is that we have a Department for Work and Pensions that is hellbent on cutting housing benefit at the same time as the Department for Communities and Local Government is making people more dependent on it. That is inherently contradictory, and simply cannot work. It will result either in increased poverty, homelessness and deprivation, or in a huge increase in the housing benefit bill, which will no doubt spark further calls for it to be reduced. The policy is incoherent, and cannot deliver the new homes that are needed. It threatens serious social consequences, and I hope that the Government will reconsider.

5.16 pm

Anna Soubry (Broxtowe) (Con): I would like to open my remarks by trying to find some consensus in this place. What do we, as parents, all want and hope for our children? I think that each and every one of us agrees that we hope to pass on to our children stuff that is better than we have had as we have lived our lives. For example, we want our children to have a better education than we had, a higher quality and standard of living, and perhaps a happier and more fulfilled life. Essentially, we want them to have more and better things than we have enjoyed. We do not want our children to have to bear the burden of debt from a previous generation—a debt and a deficit in which they played no part. I certainly do not want that for my children, who are 20 and 21. It is not right, and it is not fair that they and the rest of their generation, and arguably the generation that will come from them, should bear the burden of the debt and deficit that my generation—the generation in this House—has ratcheted up, particularly as a consequence of the policies adopted by the last Government.

It is breathtaking to sit in this debate listening to the Opposition. It is as though the last 13 years of their Government did not exist. It is as though they were not here, and as though some of them have landed from planet Zog. They talk about things that bear no resemblance to the reality of the policies that they pursued, and the consequences that we are now living with.

It would be ridiculous to try to argue that it is all the fault of the last Government. We know—others have spoken more eloquently and with greater knowledge than me—about the external factors and forces, but at the heart of this nation's problem is our deficit. One does not have to be a woman or to run a family budget to know that the matter is simple. One works out how much money is coming in, and how much is going out, and tries to ensure that one spends only as much as is coming in. Someone who gets it wrong and spends more than is coming in runs up debt.

Lilian Greenwood: Will the hon. Lady give way?

Anna Soubry: I am more than happy to give way in a moment to the hon. Lady whose constituency is next to mine in Nottingham.

What people do not do—they recognise this if they are responsible—is to borrow more. If they have reached the maximum on their credit card or their overdraft, they must pull in their horns, live within their means, and cut their expenditure to match their income. Opposition Members struggle with that concept, because they never practised it when in government. That is why we have an appalling level of debt and, worst of all, an appalling level of deficit.

Toby Perkins: The first thing the hon. Lady seems to be suggesting is that the national debt is a brand new concept. The country has always had a national debt. The reality is that until 2008, her party supported our spending plans. The national debt fell between 1997 and 2007 under the Labour Government. She is talking as though the issue is brand new, but the reality is that a global economic crisis caused the scale of the deficit, and she must take that into account.

Anna Soubry: There we have it: the finest example that we could have expected of an Opposition Member who simply does not get it. Deficit deniers—after 18 months of argument, they still do not understand. It is the structural deficit that is our problem. We are not earning as much as we are paying out. We have this debt, and that is what is causing the economic crisis.

Lilian Greenwood: I do not know what planet the hon. Lady was on yesterday, but here we heard that as a result of the Chancellor's failed economic plans, more people are out of work and as a result he is having to borrow an extra £158 billion, which is making the deficit worse.

Anna Soubry: Again we have another brilliant example of somebody who just does not get it. They do not understand the problems. Some of the problems are external, as I have explained, but at the heart are the failings of 13 years of Labour Government. Some of us are old enough to remember what happened at the end of the Labour Administration before that. My generation, the ones who did our homework by candlelight, had to pick up the pieces. Who was it who had to sort out the mess that Labour created? A Tory Government—and here we are again, all these years later.

I would like to make another point. We all come from different backgrounds, but we all come here for the same reason: to make change. We all want to make things better for everybody in our society, and I find it deeply offensive when the Labour party claims a monopoly on compassion. No one person, party or side has any such monopoly. Nobody on the Government Benches came to this place to make the life of the poor even worse. In fact, many of us came here because we want to eradicate poverty. How rich it is to hear the comments from the Opposition, who failed to hit all their targets for child poverty—after 13 years of their Labour Government, the difference between rich and poor actually grew. That is their legacy and the indictment of the last Government's failures.

I believe in fairness as much as I believe in compassion. I would much prefer there not to be any need for regulation, but there must be fairness when it comes to restraint and responsibility among executives over their pay. Other hon. Members have touched on the issue. It is just not on to see the levels of pay and bonuses that we have seen in the financial sector. I urge all those people to exercise restraint and responsibility in difficult times, which affect every other one of us.

I reject the Opposition motion and support the autumn statement so eloquently explained to us yesterday. I do not wish to tread on the toes of the hon. Member for Nottingham South (Lilian Greenwood), but I am sure that, like me, she will welcome one of the proposals in that statement—the widening and improvement of the A453. It does not lie in my constituency, although if the Boundary Commission gets its way, a large part of it will, but that work will have a profound benefit for the people of Greater Nottingham and the whole county.

I commend the Conservative-led county council for their efforts in bringing everybody together to persuade the powers that be that the improvement and widening of the A453 would bring great economic benefit to Greater Nottingham, including my constituency of Broxtowe. Many things are happening, such as the extension of the tram, that give people hope for the future—the prospect of more jobs and apprenticeships. I am happy to reject the motion and support the Chancellor in all he does to make a better future for all of us, especially our children.

5.24 pm

Lilian Greenwood (Nottingham South) (Lab): I agree with the hon. Member for Broxtowe (Anna Soubry); I do welcome the work on the A453. However, if her Government had not cancelled it 18 months ago, work would already have been under way.

Families in Nottingham are finding life hard this autumn. They tell me that they are worried about turning up the heating because gas bills have shot up. It costs more and more to do the weekly shop, they pay more for the bus and it costs a fortune to fill up the car. Thousands have found themselves out of work, but even if they have a job, their wages are likely to be frozen or rising by less than inflation. There certainly is not much left over for Christmas presents or occasional treats, let alone holidays or major purchases.

Andrea Leadsom (South Northamptonshire) (Con): What has happened to their mortgage rates?

Lilian Greenwood: Obviously those who are home owners are paying low interest rates, but many who rent their home are having to pay a lot more.

People in my city are angry that the irresponsible behaviour of a small number of people in banks brought our economy to the verge of collapse. They do not feel that those who caused the damage are doing enough to pay for the costs. They are also angry that the Government are making the situation much more difficult by putting up VAT, freezing child benefit, cutting the support families get for child care, taking away their children's education maintenance allowance, or closing down services they rely on. A year ago, the Chancellor claimed that his £40 billion of extra cuts were necessary to get borrowing down, but now we know that borrowing will be £158 billion higher than he planned—a lot of pain for no gain. It was his decision to cut too far and too fast that choked off growth and led to rising unemployment: more people are claiming benefits and fewer people are paying taxes; people have less money to spend, so businesses struggle and more people lose their jobs. It is a vicious circle that this Government helped to create.

Thousands of people in my constituency face an even bigger hit. Public sector workers are being told that they have to find an extra 3.2% from their pay packets to help the Government pay down the deficit. Teaching assistants, nurses and youth workers are all being asked to pay more. The Government say they need to pour more money into their pensions, but the money is not going to boost their pension scheme; it is going straight to the Treasury. That is why people who have never taken part in a strike in their lives are doing so today. They feel they have no choice. This is the last resort when their employers simply will not listen or negotiate properly.

Let me tell the House about one hard-working family in my constituency that this Government are squeezing. Mark Thomas works for the city council as a neighbourhood enforcement officer. His job is to inspect

houses in multiple occupation, of which there are thousands in Nottingham, particularly around our universities. Mark does vital work protecting public health and ensuring that young people are not exploited by unscrupulous landlords. In July this year, Mark and his partner Alison bought their first home together, and Mark's 14-year-old son lives with them every other week. Like most people, they worked out how much they could afford, taking account of all the other bills they would have to pay each month and how much they had coming in through their wages. In addition to the usual utility bills, Mark pays child support to his son's mother. Alison went to university to improve her career prospects and has student loan payments deducted from her salary. As Mark says,

"We are not a wealthy family. I would class us as average, getting by".

Mark earns £2,500 less than the national average wage and currently pays £120 a month towards his pension. If the proposals to increase pension contributions go ahead, Mark will be paying half as much again—an extra £60 a month. Perhaps a member of the Cabinet would not notice £60 a month, but ordinary people who are not completely out of touch know that that is a lot extra, especially when their pay has been frozen for two years already. Mark and Alison face a double whammy because Alison also works for the city council, as an environmental health officer. She earns a bit more than Mark and pays £155 a month toward her pension, so her 50% increase will be £77 a month. One Nottingham family, an average family, getting by, is being asked to find an extra £137.50 each month, not to benefit their pension fund, but to help the Treasury pay down the deficit—a deficit caused by bankers; a deficit that this Government are making worse.

Mark and Alison are worried sick about finding that extra money. Mark says,

"£137.50 would pay our council tax, or buy gas and electric credit for the month, or pay for a large amount of grocery shopping. We already have to save over a number of months to buy necessities such as glasses and dental treatment."

Mark is anxious that he will not be able to give his son the life he wanted to. He is worried that his son might choose to spend more time at his mum's house because she is able to provide for him better financially. I am pretty sure that Ministers do not lie awake at night worrying about their family like that, and Mark and Alison should not have to either.

Of course pensions have to be sustainable and affordable, but changes have to be fair. They have to be fair to taxpayers—of course, public servants are taxpayers themselves—but also fair to the people who care for us when we are sick, educate our children and keep our streets clean and safe. The Government need to stop attacking the people our communities rely on day in, day out. They need to listen to why people are so angry and they need to try to resolve the dispute by engaging in real negotiations.

5.30 pm

Jessica Lee (Erewash) (Con): I am delighted to be able to speak about this important subject. I believe that if the country is ever to improve living standards for the long term, three elements will be necessary. We need a Government who have a vision of how such an improvement is to be achieved, who will consider in detail how they can empower families and businesses, and who will deal with the cycles of poverty that trap people in the benefits system and work to make those people's lives better.

I want to suggest some ways in which we can improve the living standards of families and children, especially vulnerable children, and also help businesses. The most vulnerable children, surely, are those who do not have parents. Their lives are troubled from the beginning. They are children of the state, looked-after children. Thousands of people work with those children throughout the country, doing a really good job in children's services, the voluntary sector and many other areas, but they need support. For many years there has been a disturbing trend towards disproportionately low outcomes for looked-after children. Their educational outcomes are poor, and the number who turn to crime is disproportionately large.

We simply must do better for those vulnerable children. Such changes can never happen overnight, but I believe that the Government have got off to a promising start. We have benefited from the expertise of the right hon. Member for Birkenhead (Mr Field), whose report on child poverty is a fascinating document containing real insights on how we can make progress, and the hon. Member for Nottingham North (Mr Allen), who also happens to sit on the Opposition Benches and who spoke about early intervention during Prime Minister's questions today. That is a key theme. If we can target and help vulnerable children with early intervention policies, it will be entirely possible to improve their outcomes. That is the most important aspect, but they will also become less of a financial burden—if I may put it that way—on the state and on taxpayers.

Amber Rudd: Does my hon. Friend agree that the Government's commitment to provide 4,200 new health visitors will help to reinforce that early intervention message?

Jessica Lee: I do agree. Other policies will also be helpful, although sadly I have not enough time to list them all. We have the pupil premium and the reports that have been commissioned, including those dealing with social workers produced by Eileen Munro and other experts.

Andrea Leadsom: Does my hon. Friend also agree that the Government will be able to save money at local council level by promoting infant early intervention programmes? By helping struggling families at the outset, they will save society much more money further down the track, because those families have been supported from the beginning.

Jessica Lee: I entirely agree. I know that my hon. Friend has spent some years examining the issue while running a charity. I think that all Members agree that early intervention will benefit young people, and that we must do all that we can to implement it.

Glenda Jackson: Will the hon. Lady give way?

Jessica Lee: I will give way once more.

Glenda Jackson: No one would disagree with the hon. Lady's argument, but unfortunately the Government have made the provision of early intervention virtually impossible by removing the ring fence from Sure Start

[Glenda Jackson]

funds, and removing the other support systems that are necessary to produce the results that she and every other Member desires.

Jessica Lee: I disagree completely with the hon. Lady's comments. That sort of scaremongering about local children's services is not helpful. *[Interruption.]* This Government have gone out of their way—*[Interruption.]*

Madam Deputy Speaker (Dawn Primarolo): Order. I do not think we need any shouting across the Chamber, either from the Government or the Opposition Benches. We should listen to the debate—although this might be the umpteenth time that that has been said this afternoon.

Jessica Lee: This is a Government who have shown from the outset, within the first few weeks of their formation, a genuine commitment and a refreshing approach to how we deal with the most vulnerable children. I support what they are doing on that.

There are many other aspects that I do not have time to go through in detail. I mentioned empowering people and giving them opportunities. The Secretary of State has spent years in his work for the Centre for Social Justice examining what is wrong and where the difficulties are in society, and pinpointing the problems. He has been coming forward with radical proposals such as universal credit. We in this House may not agree on the outcomes of those policies, but it is that type of bold, progressive move that we must adopt. Such moves help families who have been trapped in cycles and years of poverty to move on, and give them opportunities that they might otherwise never have.

In the brief time that remains, I want to deal with business. Another aspect of this debate is women and how the Government are working to support them. There are many women in businesses in Erewash who are doing a fantastic job. I welcome recent policies such as establishing 5,000 mentors to help existing women entrepreneurs to develop their businesses. We all know that many women will have to struggle with child care and family commitments, but many start-ups begin at home, on laptops or round the coffee table. We need to support women much more, so I welcome those and other policies such as the Women's Business Council.

Last week, I spoke in the House during the manufacturing debate. I happen to be the only female MP to have made a substantive speech in that debate, but manufacturing is very important to my constituency, so I want to say in conclusion that it is by supporting business, manufacturing and the policies to help families which I have mentioned that we will improve living standards.

5.37 pm

Hugh Bayley (York Central) (Lab): I am somewhat surprised by how few Members on the Government Benches seem to have realised that the Government's policy has changed. They have spent 18 months reading out the brief from their Whips Office—or wherever it comes from—and complaining about the legacy of high debt which they inherited when they came to power. However, I say to the hon. Member for Broxtowe (Anna Soubry) that the national debt at the time of the general election was £760 billion. In the first year of the coalition Government, it rose to £905 billion. In the middle of a financial crisis, the coalition Government are doing what the Labour Government did in the middle of a financial crisis. When in opposition, they argued against the private finance initiative.

Anna Soubry: Will the hon. Gentleman give way?

Hugh Bayley: No; I will make my case, if I may.

In opposition, the Government argued against the PFI, but their investment stimulus, which was announced yesterday—I was one of those who applauded it—is going to be paid for by the same sort of off-balance-sheet private finance as financed the PFI.

Yesterday, I ran the risk of incurring anger from my colleagues by welcoming the Chancellor's plan B. It is a small plan B, but it is £5 billion of Government money backed up by further off-balance-sheet money from the private sector to stimulate the economy. The Chancellor does not call it a plan B. That would be embarrassing, as he has spent 18 months telling us that there is no alternative to plan A: savage cuts in public investment and infrastructure. But now it is plain for all to see that there has been a U-turn.

I congratulate the Chancellor on having the courage to start to do what is right and necessary for the economy. We heard about the U-turn in relation to a road in Nottinghamshire that was cancelled by the coalition Government and has now been reinstated. The Access York scheme—a £22 million improvement to the city's park-and-ride system—is another good illustration. It was approved by the previous Labour Government, stopped by the coalition one month after the general election, and has now been reinstated, and I thank the coalition Government for that. In the short term, that green transport system will create construction jobs in my constituency, and in the longer term it will attract more visitors to York who will spend money in the shops and the visitor economy.

Nobody so far has mentioned the situation of the NHS. The Government promised that they would not cut NHS spending in real terms. I asked the Library to look at the figures for my PCT area, where many services are being cut. Gastric band surgery for the obese is not available on the same terms in North Yorkshire and York as in neighbouring areas. Facet joint injections for back pain are available elsewhere but not in York. Assisted fertility is available in neighbouring health authority areas, but not in York.

In the last year of the Labour Government, the increase to the PCT budget was 5.8%, which, with inflation running at 3.7%, was a net increase of 2.1%. In the first year of the coalition Government, the local PCT budget was increased by 2.2% but, with RPI running at 4%, that was a 1.8% cut in real terms. Nationally, the figures tell a similar story. In 2011-12, the real-terms cut in NHS funding is 0.56% on the previous year, and in 2012-13 it is predicted to be 0.33%. The Government gave a pledge not to cut NHS funding, and with inflation running at higher levels than they were anticipating, it is necessary for the Treasury to increase NHS funding to meet that pledge. I ask the Minister to respond to that point particularly.

Toby Perkins: What my hon. Friend says about the NHS is absolutely right, but there was also a pledge not to have any major reorganisations of the NHS. In

Chesterfield, alongside the financial pressures that the NHS would have been under anyway, additional resources are being spent on reorganisation rather than on patient care. That is the other major problem that the NHS is facing.

Hugh Bayley: My hon. Friend is absolutely right. The reason why, under a Labour Government, there was a 2% real-terms increase in the NHS budget is that the cost of an ageing population and the new medical technologies introduced to the NHS is roughly 2% a year. A 2% real-terms increase, therefore, is a standstill in the ability to treat patients, but adding in a costly health service reorganisation and a real-terms cut in the budget means a savage cut in the availability of care for NHS patients.

Damian Hinds (East Hampshire) (Con): At what point was the £20 billion shortfall in NHS financing spotted?

Hugh Bayley: The hon. Gentleman should simply look at the record of the 13 years when Labour was in power. The real budget of the NHS almost doubled, but now we are seeing its real spending power being reduced, which his party promised that it would not cut.

I want to speak briefly about help for small and medium-sized enterprises. Autohorn, a successful York business, runs the Europcar franchise and other car leasing and care hire businesses in my constituency, employing 60 staff. A couple of months ago, one of the high street banks withdrew a credit line worth £750,000, which financed roughly a sixth of the company's fleet. I wrote to the Minister with responsibility for small businesses and asked what he could do to help. He was sympathetic, but offered no practical help. I went to the bank, and I am pleased to say that it has renegotiated with the company and reinstated the credit line. The jobs in that business are now safe, and I hope that it will expand and take on more people. None the less, I say to the Government, "The rhetoric is right, but please, you must do more to back up your rhetoric." They should make the banks do what they say they are doing and extend credit to successful businesses.

There is no time for me to say what I intended to say about the debt, but let me just say this: there is no argument between our parties about the need to reduce the deficit, but there is a sharp difference about how to do it. The Government's plan A has made a difficult situation worse over the past 18 months. By cutting growth they have cut tax revenues, and by driving up unemployment they have increased spending. It is time for them to change their policy.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. I am going to reduce the time limit again. There are still 21 Members who wish to contribute to the debate, and the wind-ups are due to start in 55 minutes. Starting with the next speaker, the time limit will be four minutes.

5.45 pm

Andrew Jones (Harrogate and Knaresborough) (Con): Conscious of the time, I will scamper through what I had written down. I am grateful for the opportunity to speak today, because I want to disagree with the motion. At the heart of it is the idea that household living standards are being squeezed only by the effects of Government policies. Such an idea fails to recognise the economic challenges that this country and other countries are facing. Those problems are debt and what we do with it, combined with the impact of rising prices.

The average household is now paying £1,800 per year in tax just to cover the interest on the debts that the last Government left. That is a huge sum, and because it is combined with big rises in prices and with incomes that are often static, I have no doubt that everyone is indeed feeling squeezed. That is certainly the message that I am hearing from my constituency—but I think that my constituents know where the squeeze is coming from. They see it in the salaries that they earn, which are not increasing; indeed, their salaries may be falling, as hours may be cut or overtime reduced. They see it in the supermarket, with food prices going up, and they see it when they fill their car with petrol or buy domestic fuel.

My constituents also see huge uncertainty every time they tune in to the news and see, across the economies of Europe and the United States—countries that have traditionally been seen as stable and affluent—enormous challenges. People know that this country and others have been living way beyond our means, and that correcting that will be a necessary but unpleasant task—a task made more difficult by the international turmoil.

The key reason why the motion is wrong is that the Government have taken clear and decisive action on the issues that my constituents have raised with me. The Government cannot be accused of being out of touch when they have made so many efforts. We should remember what would happen if we stopped making those efforts to reduce our deficit and protect living standards, and if we ignored the financial reality, as Labour Members seem to.

The impact would be higher interest rates. As has already been said, a 1% increase in interest rates would add £10 billion to mortgage bills. That equates to £1,000 per household. It would also add £7 billion to the cost of interest paid by business, taking away more money that should be directed into business investment.

That is the big picture. Keep interest rates down to protect jobs and living standards.

Amber Rudd: Does my hon. Friend agree that that situation was particularly highlighted by the fact that this country could have been in danger of having its debt downgraded? Before the general election, Moody's and Fitch were watching the previous Government, and had threatened to downgrade.

Andrew Jones: My hon. Friend makes a wise point, as ever. Protecting mortgage rates and the rates that businesses pay, and the rates at which our Government can borrow, is critical to our longer-term financial success.

It is fair to say that while we are going through this corrective process, the Government are taking action to protect the living standards of people in this country. I would highlight the 1 million people who are being taken out of tax altogether, and the protection of the state pension by the triple lock. I know that the increase of £5.30 in the basic state pension announced yesterday will be particularly welcome in my constituency, which has quite a high average age profile. People often assume

[Andrew Jones]

that the community in my constituency is uniformly affluent. That is not the case; there are pockets of real poverty, particularly among pensioners living on fixed incomes.

My constituency is in North Yorkshire, one of the most rural counties in the country. People have to travel long distances to reach work or to access services. I therefore welcome the initiatives on fuel duty, especially the cancellation of January's increase. Opposition Members are wrong not to recognise the impact the fuel duty escalator had on prices, and I hope they will support the actions being taken by this Government, as a result of which fuel duty will be 10p lower than it would otherwise have been. That amounts to an average saving of £144 a year, and I suspect the figure will be higher for those in rural areas.

These are concrete examples of the action this Government are taking to protect living standards. They are taking action on the issues my constituents raise with me. It is therefore wrong to claim that the Government are out of touch or are not taking action. The motion fails to recognise how much is being done and, astonishingly, maintains the pretence that there is no financial problem to tackle.

5.51 pm

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): This Government are having a big impact on poorer people. We see that particularly clearly in my constituency, where 21% of households have an income of less than £15,000 per annum. Indeed, we have the dubious honour of being beaten in that regard by only one other London borough. As of March this year the majority of young people in my constituency—just over 58% of those aged up to 19 years—lived in households in receipt of means-tested benefits. In Hackney, 39% of adults live in households receiving benefit, and that proportion rises to a staggeringly high 71% when we combine those in social housing and lone parents with two or more children.

I would therefore be very concerned about the impacts on real people of the policies of any Government. In this House, we often hear esoteric debate about the impacts of quantitative easing and the big economic arguments. However, although it is important that we deal with the deficit, we are not accountants. Rather, we are politicians, and we need to challenge Government about such impacts on people and we need to bring people with us.

I want to tell Members a little about some of the people in my constituency, therefore. Many Members have spoken about the many financial pressures facing people, and I might add that businesses in Hackney central, my area's main shopping centre, tell me that footfall is down by about 40%. Things are hard for them too, therefore, as greater pressure on household incomes means people have less money to spend.

Some families facing financial pressures in my constituency will also face a shortfall in housing benefit from next year, and they will have to cover that by finding some money from their other income. Where will they find that money, however, given all the other price increases, such as for food and energy?

This week, I met a young mother who works at McDonald's. She does the 5 am to 9 am shift so that her husband can look after the children, and she works 16 hours so that she can get help in the form of tax credits, but the Chancellor's announcements of this week will have an impact on that.

My constituency may have higher than average deprivation figures, but there is no lack of aspiration. In the last week alone, I have met two middle-aged women who used to work in schools before losing their jobs, but who are keen to get new jobs—to do any job in order to work—and I met a young African woman, immaculately turned out and at a good school, who is keen to go on to university, but her home is minimally furnished, with clothes stored in suitcases and the household investing only in necessities, as their income does not stretch to purchasing items that Members of this House would expect to be able to have.

We need to focus on the impacts on real people, and I therefore welcome the Government's support for disadvantaged two-year-olds. All Members regardless of party allegiance agree that early intervention is crucial, but the key question is how we do that. Other Government measures are having a disproportionately great impact on poorer households, of which I represent many.

Andrea Leadsom: Is the hon. Lady aware that an all-party group inquiry into Sure Start found that fewer than 10 children's centres had closed? Local councils have shown huge commitment to the ongoing success of this important matter.

Meg Hillier: It is easy for the Government to talk in figures, but many centres have been run down to the bare minimum and are helping just a few families, whereas before it was a universal service, which was one of the benefits.

The children in my constituency who turn up at school without breakfast because of their alcoholic or drug-addicted parents—the same children who turn up malnourished at the end of the school holidays—are the young people whom we should be helping to have a better future. All the Government's actions—all the talk as though the Government are accountants—do not help those families. Whatever our party, we should not be hoodwinked by academic and esoteric debate but should govern for the people we represent and remember that not all of them enjoy the same advantages as we in this place do.

5.55 pm

Claire Perry (Devizes) (Con): May I start by saying that I completely agree with the hon. Member for Hackney South and Shoreditch (Meg Hillier)? When we politicians talk about billions, deciles and quantitative easing it does not resonate in my constituency. It is 25 days to Christmas and 61% of people say that they are cutting their Christmas spending this year, but we often fail to recognise that.

In my short speech I shall therefore try to concentrate on what happens to the pound in someone's pocket when it enters a household in my constituency, where the average income is £23,000—well below the national average—and where public sector employment is about 35%.

The top slice is taxation. The Government have done a huge amount, especially at the lower end of the tax scales, to lift the poorest people out of taxation. I am incredibly proud of the fact that from next April more than 1 million people will be lifted out of taxation altogether, 60% of whom will be women. That is a far more efficient way of delivering benefits through the tax system than dealing with tax credits, which though a laudable idea are expensive and difficult to manage and result in huge fraud and complexity amounting to billions of pounds a year.

There has been a council tax freeze across the country. We have given councils money to renew that, which is worth £72 a year to my working families in Devizes.

According to the family spending survey, families' second highest expense is housing, about which we have heard much today. There are families who are struggling to get any housing. In Wiltshire, more than 12,000 families are waiting for affordable housing. My constituents, Nicky and Lee of Pewsey, who are expecting a child, are living in hugely overcrowded, damp conditions, which I have seen and in which I would not house an animal, let alone a young family. The Government's radical housing reform is designed to help exactly such people. We must get Britain building again, and we must build sufficient affordable housing, which we have failed to do for the past 13 years.

We have heard much about mortgages. Significantly, mortgage payers across all income deciles, to use that hideous term, are saving £10 billion a year as a result of low interest rates—an important benefit to families across the country.

Given the preponderance of service families in my constituency, the Government's work to put service families at the top of housing allocations, where possible, is hugely valuable.

Families' next highest expense is fuel and transport. Like many Members, I live in a rural constituency where we have to use our cars. I welcome the fact that by next April fuel will be 10p cheaper and that, by the end of the year, we will save ordinary working families £144 a year in filling up their cars.

We have focused massively on energy consumption. Through the green deal, we are working on greening the most vulnerable households, which is very important.

I welcome this debate and the chance to talk about those whose voices are often the quietest—pensioners and children in care, for example—and it is our job to speak up for them.

Let us be clear: the tough decisions facing this Government would have faced any Government. We must be fair to the next generation—the children of today who will be the workers and taxpayers of tomorrow and who will pay for our pensions and meet our NHS expenditure. Let us have less ideology and more common sense.

5.59 pm

Jonathan Ashworth (Leicester South) (Lab): We have heard many Members on the Government Benches, including the Secretary of State, complain about the level of the structural deficit. However, I recall that up until the financial crash the Prime Minister and the Chancellor supported every penny piece of our expenditure. It was only when the crash hit that they changed their position. To be fair, the Secretary of State, in the period when he was Leader of the Opposition, did not support our spending, but the current Prime Minister certainly did.

I shall make a few comments about the rising cost of living. I think it was the Governor of the Bank of England who said earlier this year that households in 2011 would experience the toughest squeeze in living standards since the 1920s. That has been endorsed by the OBR, which stated yesterday that

"household disposable income is forecast to have fallen by 2.3 per cent this year, a post-war record."

The OBR went on to predict that it will not be until 2014 that earnings will rise faster than prices. That means, in effect, that over the course of 2010 to 2015 the average growth in real household disposable income will be just 0.5% per annum. It is no wonder that household spending has been so weak and that in the run-up to Christmas we had an extraordinary report from the CBI this week showing that shops are laying off workers at the fastest rate for two years.

Although there were some measures in the autumn statement to help people, such as the fuel duty change, the Chancellor is paying for the changes that he introduced by means of a public sector pay freeze and hitting low-paid workers who rely on tax credits. As I understand it, the changes to tax credits amount to a cut of £1.3 billion to families, affecting 5.5 million families.

I read today in *The Times* that Tory sources are baffled that Liberal Democrats agreed to this. My constituents will not be baffled when they find out about it. They will be livid when they see what the tax credit cut will be for them. I am particularly concerned because that will lead to an increase in child poverty. The Treasury's own figures show an increase of 100,000. In Leicester child poverty is a particular issue, and the cut will only make matters worse.

We are plainly not in this together. The Chancellor is not in this together with the young mother on the Saffron Lane estate in Leicester who is seeing her tax credit cut. The Chancellor is not in this together with the young people in Highfields who are still unemployed. Members on the Opposition Benches have been calling for a youth unemployment scheme. I hope that the youth contract announced by the Deputy Prime Minister is a success, but as my right hon. Friend the Member for South Shields (David Miliband) so eloquently explained, a similar scheme introduced by the Lord Chancellor when he was Chancellor in the mid-1990s was an utter failure. I hope the scheme succeeds, but we on the Opposition Benches will scrutinise it carefully. Many constituents ask me whether it would have been better to keep the future jobs fund. They also ask why on earth young people in Leicester have to wait until next April for the scheme to be introduced.

I want to say a few words about the industrial dispute going on today. Many of my constituents are on strike. They take industrial action reluctantly and with a heavy heart. Earlier today the Paymaster General said that he is prepared to consider suggestions on the 3%. I want him to go further, and perhaps the Minister might respond to this. Will he think about going further and look at entering meaningful negotiations on that 3%?

When we left office, the economy was growing, unemployment was falling and inflation was under control. We now have next to no growth, record unemployment and one of the highest inflation levels in Europe.

6.3 pm

Amber Rudd (Hastings and Rye) (Con): There has been much talk this afternoon about real people. Thinking about the incredibly important subject of living standards, I thought about a real person I met in 2007. In my constituency, in an extremely poor ward, I met a woman who had just come back from work. She said to me, speaking about the then Government, "Why do they bother giving me a pay packet at all? All I get is the leftovers. Why don't they just give me the pocket money?" She had just been affected by the 10p tax cut, which famously affected 60% of women and was so damaging to the lowest paid.

Living standards is the overriding important issue that politicians try to work on to improve quality of life for everybody. It is the practical application of the famous phrase, "It's the economy, stupid", because it is the private economy, the budget, of individuals and families. There are so many levers that politicians try to move to work on living standards, and in the time allowed to me I will focus on two: taxation and jobs.

I mentioned the lady from Hastings, who lives in Bevan court in Hollington. As a low earner, she will now be approaching being taken out of tax. This has been referred to many times this afternoon, and I repeat that taking people out of tax is one of the most important things the Government can do to combat poverty and raise living standards. I urge the Government, however choppy the economic waters get, to ensure that they stick to the commitment to increase the level to £10,000. Aligned to increasing the level is tax simplification, which really would be welcomed.

Undoubtedly the best way to raise living standards is to help people who do not have a job to get one. I welcome the Government's initiatives in relation to the youth contract and apprentices, because poverty really becomes entrenched where families follow each other into unemployment. I hope that the universal credit will mitigate some of that, with its associated reforms to help make work pay, such as introducing free child care for when mothers go out to work for one hour rather than their having to work a minimum of 16 hours. The best way to improve living standards is to create jobs and the best way to do that is to stimulate the private sector. I thought that the new president of the CBI, Sir Roger Carr, put it very well when he said:

"Government can set the climate, but it is business that must deliver the goods."

Yes, we can set the climate, but we cannot produce the jobs. We must encourage the private sector to do that. This Government are doing their best to set that climate fair, despite what is going on in the eurozone and despite the inheritance we had. That is the best way to raise living standards.

Heather Wheeler (South Derbyshire) (Con): Would my hon. Friend like to congratulate the great people of South Derbyshire on bringing forward 1,500 jobs in the Toyota factory and 300 jobs at the Nestlé factory?

Amber Rudd: It is great to hear about that marvellous triumph of the private sector. There is another example in Hastings: a year ago Saga moved into the town with up to 800 new jobs. Only 350 have been filled so far, but I hope that they will continue to build on that number. We have high public sector employment in Hastings, so with these changes and cuts, we are delighted to have a major private sector employer able to provide jobs.

Claire Perry: Does my hon. Friend agree that, while we must not forget about the public sector, which is so very valuable to so many families, the best way to protect jobs in the public sector is for pay restraint and pension reform?

Amber Rudd: I thank my hon. Friend for that intervention, and I would like to take the opportunity to say how much I respect the people who work in the public sector. I value the important work that they do. I and my family have used our local hospital in Hastings and they do an excellent job. It is important that we recognise the enormous value that the public sector provides, but we need more job creation in the private sector.

Damian Hinds: With employers talking more than ever about work-readiness and employability skills among the young work force, and with the danger of so many young people not being able to get into work quickly, does my hon. Friend agree that work experience placements are a great way of increasing those young people's value to employers compared with not having had any experience of formal work?

Amber Rudd: I agree with my hon. Friend. The Government's initiative to bring in work experience is valuable and I understand that the scheme is going well, with people picking up jobs after their work experience.

Sheila Gilmore: Last year we were told that squeezing down the public sector would cause more private sector jobs to appear. That has not happened. Why should we expect it to get any better?

Amber Rudd: Has not the hon. Lady heard the comments from my colleagues and me about growth in the private sector? Five hundred thousand new private sector jobs have been created in the past year. I dispute her statement that these jobs are not being created in the private sector—they are. But I am in no way complacent. I know that we are in difficult times and that people's living standards are being squeezed.

The Government are doing an incredibly important job. They are doing their best in difficult times to keep up living standards. Above all, they need to get out of the way of job creation, which is the best way of helping people out of poverty.

6.9 pm

Lisa Nandy (Wigan) (Lab): I want to talk about the living standards of women in my constituency who work in the public sector, who are deeply concerned about their prospects for a decent and dignified retirement, and who are today trying to make the Government listen. A third of my constituents are employed in the public sector. All of us in Wigan have friends or family who are affected by the changes to public sector pensions. To them—and to me, having met so many of these workers over the past six months—the Government's attempt to characterise this as a strike whipped up by a group of self-interested officials not only does not ring true but is, frankly, offensive.

I want to explain to Ministers why so many hard-working, decent people are out on strike today. I have never met a teacher or a nurse who wants to go out on strike; for them, it is a vocation and not just a job. However, like me, they believe strongly in the right of people who have, for very many years, served this country so well, often on very low pay, to retire with dignity. Like me, they do not believe that the interests of the public will be served by running down the professions of which they are so proud to such an extent that nobody in their right mind would go into them. They are as baffled as I am that their Government are describing their pensions—which are, on average, less than £5,000 a year—as gold-plated. Government Members are keen on quoting Lord Hutton; well, I agree with him that we cannot say, in any sense, that public sector pensions are gold-plated.

People pay high premiums for their pensions, and for many women the return is low. My hon. Friend the Member for Erith and Thamesmead (Teresa Pearce) outlined that convincingly. How many of us in this House face that prospect? I am genuinely grateful that Ministers listened and revised their offer for people who are to retire imminently. That will have a particular impact on women, and I thank them for it. However, I am deeply concerned about the situation for part-time workers whose full-time pay may be over £15,000 but whose real pay is far less. What will their Government do for them?

I want to set out what my constituents would like to happen. First, I will address the problem of affordability. Public sector workers are being hit from all directions. Thanks to the Secretary of State, teachers in academies face a pay freeze, and possibly a pay cut. Women are also having to face cuts to child care, tax credits and family support. I put it to Ministers that a scheme that is not affordable is also not sustainable. Young people are saying to me that they will not be opting into these schemes. They are willing to pay into them, but they want to know where the money is going—to know that it is going into the pension scheme. They are not willing to make sacrifices through their pay—

Damian Hinds *rose—*

Lisa Nandy: We have heard enough from Government Members—it is time they listened.

People are willing to make sacrifices but not to pay for the deficit while bankers continue to receive huge bonuses and executive pay in the City continues to rise. I urge Ministers to understand that in some professions, such as teaching and policing, it is unrealistic to ask people to work until they are in their late 60s. Will they please look at the situation of people who do hard, front-line work day in, day out, and recognise that it is unrealistic to ask them to work for that long?

My constituents and I want the Government to set an example. It is not good enough to say that because low-paid private sector workers receive appallingly low pensions their public sector counterparts should receive the same. The Government should be setting an example to employers by taking a lead on tackling the grossly unfair pay and pensions gap between high-paid and low-paid private sector workers, not pushing their own employees into the most appalling poverty after a lifetime of service.

6.13 pm

Nick de Bois (Enfield North) (Con): Given the constraints on time and the number of people who wish to speak, which shows how seriously Members on both sides of the House take this issue, I will try to limit my remarks.

The obvious route to improving living standards is to help as many people back into work as possible. Instead of focusing on the points that have been made about some of the very good schemes that have been introduced, I should like to start with structural issues to do with employment. There is no question but that the Government are introducing measures that will help to increase employment. For example, they are looking at rebalancing out-of-work incentives. We are trying to make work pay through the very welcome introduction of higher personal allowances, which will help people at the lower end of the scale. We are also, as the Secretary of State outlined, looking at the bigger picture of welfare reform.

However, we have to consider matters beyond that. As a former employer who started a business with one or two people and ended up with 100 people, I saw, and shared, the intense pleasure of recruiting someone into a new job or their first job. I also understood, and felt, the enormous pain, and sometimes shame, of people who underwent redundancy through no fault of their own. In the last two years of my working time before I came into Parliament, I was very worried by the level of the CVs that were being produced and the failure of candidates to articulate themselves with even basic English or a basic education. That was a clear sign that some people were being failed by their education. I am sure we all agree on the common goal to improve education and raise standards, but there is no question but that the structural changes that we are introducing will improve people's chances and lead to a fundamental generational change for the future. If those changes fail, we may be back here in 10 years, still talking about the problem.

Mr Stewart Jackson (Peterborough) (Con): Has my hon. Friend, like me, noted the lack of contrition from the Labour party in its failure to apologise for driving many people into welfare dependency through its policy of unrestricted immigration over the last 13 years?

Nick de Bois: I welcome my hon. Friend's comments on the complex issues that he raised. We have to consider the consequences of both those issues, but I shall continue to examine the structural changes I was discussing.

The welcome sign for the future is that we have rightly shifted the emphasis from a purely academic route and are now pushing vocational routes, whether through apprenticeships or through further skills and training, giving people a choice from the age of 14 or 16 that will meet the skill needs of employers. Otherwise, we could be back here in 10 years discussing many of the same issues.

With the changes that are being introduced, we need to look at the tactical areas where we can help people get into Work that will meet the immediate challenges of improving both their life chances and their living standards. I have met Work programme providers and witnessed how they are determined to provide long-term jobs for those who are unemployed and going through the new system. These programmes are to be welcomed because they seek to provide a long-term, rather than a short-term, solution.

[Nick de Bois]

I am particularly impressed by the early results of the work experience programmes, working with the jobcentres, where people who had little chance of breaking the dependency culture and moving to independence are put into a work environment and employers are encouraged to take them on. As a result, over half of those who have been in such employment for three months are getting full-time work. I do not subscribe to the theory that so many people just wish to sit on benefits. The road to work is through breaking the cycle of dependency and putting people into an environment where they relish the challenge and want to work. That is the very life chance that they will be able to see, given the chance to improve their opportunities, shaped around the proposals of my right hon. Friend the Secretary of State.

Much has been said about the debt interest. It is shocking that this country pays about £46 billion a year to service debt in return for nothing. The worst thing is that that money is going to our competitors. The people who are lending us money are the people who will make it harder to help people in this country improve their life chances.

6.18 pm

Glenda Jackson (Hampstead and Kilburn) (Lab): Yesterday, the Chancellor of the Exchequer, as for the last 18 months and assiduously supported by his Back-Bench colleagues, blamed our flatlining economy, constantly rising unemployment and failure of small businesses to obtain loans from banks on the enormous debts that this country was left by the previous Labour Government. His other argument was that the Labour Government had failed to mend the roof when the sun was shining. Those of us who had lived through 18 years of Conservative Government knew that it was not only the roof that needed mending, but also the foundations: our schools, our hospitals, our infrastructure, our social services.

The interesting point that the Chancellor of the Exchequer made yesterday was that our flatlining economy, constantly rising unemployment and consistent failure of small businesses to obtain loans was because, actually, the debt was even greater. What puzzles me is why the Chancellor of the Exchequer, after 18 months and with all the services that the Treasury provides to him, has clearly failed to make the numbers add up. Are we really left with the realisation that we have a Chancellor of the Exchequer who cannot count? I rather worry that we probably are.

The Chancellor then went on with the other canard that his Government have floated ever since they entered office—that this particular crisis is one in which we are all in it together, and that his economic polices will protect our state from the storm. His idea of protecting our state from the storm reminds me of the old Grecian city of Sparta, where the state was protected by exposing the most vulnerable on the harshest, coldest, stormiest mountain that could be found. That seems to be the example that his Government are following, because we simply are not all in this together.

The Secretary of State for Work and Pensions seemed today to state, with great sang froid, that the lowest three deciles in our society carry three times the burden of the top decile, and Government Members throughout the afternoon have stated that all our children must be protected from the terrible debt burden that they will have to face if we do not continue with an economy in which there is almost no growth—because we are all in this together.

It is highly unlikely that any child whose parent and/or parents sit on the Government Benches is in the situation facing many children in families in my constituency, where there is a strong possibility that, owing to the changes that the Government have introduced, most markedly to housing benefit, they will lose their homes. Indeed, they will lose not only their homes, but their schools—that is, those who are fortunate enough to have a place at a school in their area, because in my constituency, although apparently we are all in this together, there is a terrible dearth of school places. The dearth used to be in secondary schools; now it is in junior schools.

We hear from the Government all these wonderful stories about the free schools that will come in down the road, and about the academies that will be built, but they have not been built yet. It is simply not true, as we have heard. The Government's changes—in relation to the abolition of the ring-fence around children's centres and the supposed protection of Sure Start—are taking place throughout the country. I have mothers in my constituency who simply cannot find adequate child care—

Madam Deputy Speaker (Dawn Primarolo): Order.

6.22 pm

Bob Stewart (Beckenham) (Con): I am very sad that people have seen fit to go on strike today, and I regret it a great deal. I am very pleased that only about 135,000 people seem to have gone on strike, and that they amount to only about one third of those who could have gone on strike.

Some people seem to be happy with the strikes—and in my family they are two teenage girls, whose schools have been closed today. I am very unhappy about that, so my standard of living has, indeed, been touched. I presume the reason why people have gone on strike is to try, ostensibly at least, to retain a high standard of living when they are pensioners—so they think.

I am very pleased to hear for the first time today that we are living 10 years longer than we did in the 1970s, but somehow we have to find the means to look after those people properly until the end of their life, and no one in the House wants to do anything but that.

When I left the services, I tried to ensure that I had a decent pension, and I saved hugely, but in almost two months I lost 20% of what I had saved, and I had saved about one third of what I had made since I had left the Army. So I understand what happens when one loses a lot of money in a pension fund, and I was horrified.

I understand that private sector workers would have to put about 30% more into a pension pot if they wanted a similar pension. We would all like to raise pensions, but we just do not have the money. Let us remember that about 20% of the people who work in the United Kingdom are paid directly or indirectly by the Government. The Office for National Statistics suggested in June that, accounting for gender, age,

occupation, region and qualifications, a public sector worker earns on average 7.8% more an hour than a private sector worker.

It is interesting that we all want pensioners to have the best quality and standard of life right until the end. I do not disagree with Members on either side of the House when they say that we should do everything in our power to get pensioners everything they want. I am pleased that those who earn a salary of up to £15,000 on full-time equivalent will not have to pay any more and saddened that others will have to pay more until they retire to provide the means for decent pensions. The Prime Minister said earlier that a nurse earning £34,000 will get a pension of £22,000 when she retires. I am sure that all of us in the House—*[Interruption.]* Hon. Members can barrack all they want, but all of us agree on one thing: we want to give our pensioners the best possible standard of life until they drop down. We all agree on that, but it is how we do it that matters.

6.26 pm

Frank Dobson (Holborn and St Pancras) (Lab): I think that it will be generally accepted that people's long-term living standards depend on decent pensions and that as a society generally we need to save more. Until now, having a pension has been seen as the safest way of saving—

Andrew Griffiths (Burton) (Con): Will the right hon. Gentleman give way?

Frank Dobson: I certainly shall not.

Over the past few years people in the private sector have seen their bosses slash the pensions available and swindle them out of what they thought they signed up to when they joined their pension scheme. Now the Government are turning that idea on the public sector, with higher contributions, longer years of work and then lower pensions. One of the dangers is the lesson people will draw from what has happened in the private sector and is now proposed for the public sector. The Government talk about nudge, but the nudge will now encourage people not to bother to save because some swindler, either public or private, will take it off them and they will not get what they thought they signed up for.

On 11 August the Prime Minister repeated his praise for the emergency services, the police, firefighters, ambulance staff and A and E staff. Then he went back to Downing street and proceeded to press on further with trying to undermine the pension provision for all those people, making them work longer, pay more and then get less in their pension. He clearly considers them only when doing a bit of PR at the Dispatch Box. The same is true of the Government's approach to teachers.

It is impossible to exaggerate the importance of teachers to this country's future, especially head teachers, whose leadership is crucial in schools, because they do more for wealth creation than anyone in the City of London has ever done. They educate, train and produce adaptable young people who are the greatest asset to wealth creation in this country so that we can compete with the best on quality and not be dragged down to having to compete with the cheapest on price, because that is something we will never do.

The Government ought to wonder why head teachers are going on strike. Not only are they going on strike for the first time, but they have had a strike ballot for the first time. They are determined to improve their schools and believe that the pension proposals, if they go through, will damage their schools in the long term. Everyone accepts that changes are necessary. The teachers have accepted that changes are necessary, and they accepted agreements a year or two ago to make a bigger contribution.

The interesting question that the Government do not answer is why they have not produced the actuarial review of whether the teachers pension fund is in credit or deficit. They know that it is in credit, but they will not produce the answer because they know that it will expose the fact that they are trying to shift money from the teachers to the Treasury to pay for the incompetence of the Chancellor of the Exchequer, who has made as big a mess as was predicted when he took over as Chancellor. I have nothing more to say, Madam Deputy Speaker.

6.30 pm

Huw Irranca-Davies (Ogmore) (Lab): I am pleased to be called to speak in this important debate to which there have been so many good contributions, but I shall introduce a bit of a downer. If the ghost of Christmas present visited the streets of Ogmore and Bridgend as we run towards Christmas, he would not find a great sight, because we are seeing rising household prices, and a squeeze on incomes because incomes are falling. People who work in retail parks and shops are being asked to reduce their hours, and there is greater job uncertainty. It is not only low earners in working families who are being squeezed; middle earners are being squeezed too. There is a squeeze on the high street, and shops in my constituency are being closed for the first time in 20 years.

There are rises in some areas; there are rising queues at the jobcentres. I am glad the Secretary of State is back in his place. He visited Wales not long ago, and we were pleased to see him. He visited Merthyr where he said there were plenty of jobs out there. On the day he was there, there were 39 jobs, but there were 1,670 people chasing those jobs. He suggested looking in Cardiff, where things would be better. They were better: there were 1,700 jobs there, and 15,000 people were chasing them. I suspect that the situation is no better today. That is the backdrop to this debate.

There are rising queues at my surgeries, at citizens advice bureaux, at housing advice surgeries and, most chronically, at food handout centres. Queues at food handout centres in this century are a repercussion of the current dilemma. Great people are setting up food distribution centres to hand out food, not just to low-earning families but to people who would previously have been thought to be relatively prosperous and doing okay, but are now finding that the squeeze is so acute that they must rely on food handouts.

That is a toxic mix. We are not seeing a rebalancing of the economy between public and private sectors jobs, or seeing private sector growth. We are seeing a rebalancing of the economy from growth to chronic contraction. Why is that coming about, and who is being hurt most? I suggest that the cumulative effect of some of the Government's new and current policies—those they

[Huw Irranca-Davies]

have put in place over the last year, as well as yesterday—is hurting working families, women and those who are struggling to make ends meet. The Department for Work and Pensions is cutting child care costs from 80% to 70%. That is £13 a week for working families in Ogmore, and around 400 families will be worse off. An Ogmore family with two children will lose an additional £3.70 a week by 2013-14 thanks to the Government's freeze on child benefit.

In-work families in Ogmore will be £100 per claimant worse off thanks to the freezing of the basic and 30-hour elements of the working tax credit. An average Ogmore family will lose £160 a year because of the increase in the tax credit withdrawal rate. The baby element of child tax credit has been scrapped. No one can put a price on a baby—I have three children in my family—but some money can be paid towards that. The credit was £545, but it has now been scrapped. The average loss from the cut in the second income threshold will be £285 per family. In total, around 9,100 families in Ogmore will be affected by the tax credit cuts. That is a crying shame.

The Government often say that they do not want to learn lessons from the Opposition, so let them learn from Chris Johnes, Oxfam's director of UK poverty. He said:

"Freezing working tax credits will penalise those who are trying to make a living by working their way out of poverty—this should be among the last places the Government looks to make savings. At a time when the lowest-income households are already struggling to make ends meet, it could push even more working people into poverty."

That is the Government's legacy.

6.34 pm

Julie Hilling (Bolton West) (Lab): I am grateful to have been called to speak in this debate. I declare an interest as a proud trade unionist and a proud deferred member of the local government pension scheme.

The pension dispute is just the tip of the iceberg of the devastating effect of the Government's policies on the living standards of ordinary people. My surgery is full and my postbag is full of letters from people who are struggling because of Government policies, which make the poor pay for the devastation that irresponsible bankers wrought on the world.

People are losing their homes and jobs. They are terrified that they will lose their disability living allowance. They are struggling to pay their household bills and are very frightened. Things will only get worse for those ordinary people. Let me tell hon. Members what my constituents are telling me. Paul works in customer accounts for a local council. He tells me that he strongly objects to the pension proposals affecting him. He says that he has already lost £3,000 owing to the new pay and grading structure and will now have to pay 3% more for his pension and work longer. Like many thousands of others, he believes that he may well have to leave the pension scheme altogether.

Jeanette is another constituent who is deeply annoyed by the cuts to the local government pensions. She says:

"I really need to express my disgust at the treatment of Local Government employees, as the majority of us do work very hard and make a great contribution to local services and meeting national targets and budgets. I feel we are pawns in the political game and are easy targets, with propaganda being used to fuel the media misconception that we are lazy, workshy overpaid employees who have a cushy working life in comparison to the private sector."

She went on to say that she felt that she was having her pension stolen from her.

It is no wonder that those constituents are so angry. Their pension scheme is a funded scheme: both employee and employer pay actual money into an actual fund. It takes in £4 billion a year more than it pays out and was changed just a few years ago to make it sustainable. Now the Secretary of State for Communities and Local Government wants to rob the fund of £900 million—not to make it sustainable or to improve it, but to satisfy his need to make cuts, rather like the worst employers of the past who raided pension funds.

This illustrates the complexity of public sector pensions. There are six schemes, not one—all with different rules, accrual rates, retirement ages and benefits. Contribution rates range from 0% for the armed forces to 11% for the police. To speak of them as though they were one unaffordable public sector pension is misleading. The Government say that their proposals are an improvement, but they are not telling the whole truth. The average public sector worker will still end up with a pension of less than £6,000, will have to work a number of years longer, will have to pay 3% more and have their pension uprated by the consumer prices index rather than the retail prices index.

It is no wonder that public sector workers are angry, but they are also scared. Paula, a teacher of deaf children for 30 years, told me of her fears that her pension will lose its value because of its being uprated by the CPI. She said:

"I have little or no family, I live alone and if I were to fall into debt the fear of that keeps me awake at night. My lifestyle is already very frugal, I have no choice about that because of the price of gas, electricity and fuel. My pension puts limits on my lifestyle now. I dread to think of what will become of me in a few years' time when my financial position has not kept pace with prices and that wakes me up at night constantly."

Of course, there is much worse to come for the low paid: cuts to housing benefit and in-work benefit for a great many low paid workers—

Mr Speaker: Order. The Front-Bench winding-up speeches will begin at 6.40 pm. I call Pat Glass.

6.38 pm

Pat Glass (North West Durham) (Lab): Is it worth it? I will have to rely on bullet points.

I want to speak about the impact of the Government's policies on children and young people—their educational chances, their life chances and their employment. In the past 19 months, we have seen a Government who have a massive gap between their stated political objectives and the main drivers put in place to meet them. We heard from the hon. Member for Broxtowe (Anna Soubry), who said that she came into Parliament to eradicate child poverty, yet the Government are going to put 600,000 more children into child poverty. The hon. Member for Erewash (Jessica Lee) gave a notable speech, much of which I agreed with, about early intervention, yet the Government have massively cut funding to local government, which is going to deliver on that.

The Government tell us that they want to narrow the gap in outcomes between the poorest and the most advantaged in our schools, that they want more children from disadvantaged backgrounds to go to university and that they want to build skills for the future—but what do they do? They slash the education maintenance allowance. The number of young people going into further education this year has fallen—in one year—to levels last seen in 1990. That will not deliver a knowledge-based economy for us in the future. They triple tuition fees and tell us that £9,000 will not be the norm. Wake up—it is the norm, and as a result, this year applications for higher education fell by 12% nationally and by 15% from British students. The biggest drop has been in applications from young people in the most disadvantaged and poorest families.

That is what the Government are doing. What they say is one thing, but what they deliver is something completely different. It is not just that they are failing on the economy now; it is that they will not deliver on the skills we need to get us out of this mess in the future.

6.40 pm

Yvette Cooper (Normanton, Pontefract and Castleford) (Lab): Today's debate has been an extremely good one, with many Members contributing. It has been a very serious debate about the real consequences to families across the country of yesterday's facts and figures and yesterday's decisions. We are holding the debate on the day on which the Institute for Fiscal Studies said that Britain is facing the steepest drop in living standards for generations, and the day after the Chancellor told us that there will be a quarter of a million more people on the dole each and every year, that growth has collapsed and that borrowing is set to be an astonishing £158 billion higher. We know that it is hurting, but it is not working.

I will not mention every Member who spoke in the debate, because to do so would take me to the end of my time, but there are some things on which we agree. The hon. Member for Dover (Charlie Elphicke) said that the best way to increase living standards is to increase growth. I agree, but the Government's policies are choking off growth, not supporting it. The hon. Member for Poole (Mr Syms) made a thoughtful speech, and the hon. Member for Erewash (Jessica Lee) talked about the impact on children in care. The hon. Member for Broxtowe (Anna Soubry) took us to Planet Zog, I think, and even worse, the hon. Member for Aberconwy (Guto Bebb) wanted to take us back to Wales in the 1980s when, by my recollection, unemployment was considerably higher than it is today.

We heard serious speeches from my hon. Friend the Member for Erith and Thamesmead (Teresa Pearce), who described discussions with women in her constituency who are really worried about the impact of Government policies, as well as the hon. Member for South Down (Ms Ritchie) and my hon. Friends the Members for Stoke-on-Trent South (Robert Flello), for Gateshead (Ian Mearns), for Leicester South (Jonathan Ashworth) and for or Ogmore (Huw Irranca-Davies), who all talked about the devastating impact on communities, families and child poverty. My hon. Friend the Member for York Central (Hugh Bayley) and my right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford) talked about the impact on housing and jobs, and my right hon. Friend the Member for South Shields (David Miliband) made a powerful speech rebutting the claims, to which Government Members are clinging, that low interest rates are a sign of confidence on the international markets, instead of a reflection of decisions made by the Bank of England. As Japan's experience for many years shows, they are a sign of weakness in the economy.

The Treasury analysis published yesterday of who is taking the strain of the Government's plans is pretty gloomy. It shows that the impact of their plans next year alone is regressive across 80% of the population. It also shows an increase of 100,000 in the number of children in poverty, just as a result of the autumn statement. The IFS analysis published today, which takes account of far more measures, is far more damning, showing that the poorest 30% in society will lose more than three times as much as a share of their income as the richest 30%. In addition, an earlier analysis shows that 600,000 more families will fall into absolute poverty.

We remember what the Government said. The Secretary of State for Work and Pensions said today that he was protecting the poorest families. No, he is not, and the IFS figures make that clear. The Chancellor said, "We're all in this together," and the Deputy Prime Minister said his cuts would be progressive. Time and again, the facts show the opposite. Even today, the Prime Minister claimed that he was increasing child tax credit, providing more support for families. He said that he had increased child tax credit this year, but the truth is that this Government have cut tax credits for families, cut child benefit, cut Sure Start and cut the child care element, so some families are losing more than £1,000 in child care support alone.

As for the Government's claim today that they will increase child tax credit by £135 next year, that is just inflation. They are not increasing the value of tax credits; in fact they are cutting them, and cutting child benefit too. A family on the minimum wage with two children will lose £320 a year as a result of yesterday's decisions alone, and over £100 more as a result of the freezing of child benefit. That is the equivalent of about two weeks' take-home pay. If the Prime Minister thinks that he can stand in the House of Commons and claim that he is increasing support for children, and imagines that parents will not notice what is actually happening to their pay packets and what they receive at the end of the month, he is simply out of touch with what is happening in communities across the country.

We understand that the Chancellor wanted to raise money for youth unemployment. It would have been better not to abolish the youth guarantee and the future jobs fund in the first place, it would have been better not to let long-term youth unemployment rise by more than 80% since the beginning of the year, and it would have been better to prevent youth unemployment from hitting the 1 million mark and start reducing it, as we did before the election. However, we do support extra action for youth jobs, and indeed we said that we would raise a bankers' bonus tax in order to pay for it.

What was the Chancellor's response to that? It was not "Oh yes, what a good idea, let us introduce a bankers' bonus tax." It was "No thanks, I think I will leave the bankers alone. In fact, I was planning to cut their 50p rate as soon as I could afford it. I have another wheeze: I want to take the money from families who are on the minimum wage." That is what the Chancellor did

[Yvette Cooper]

yesterday. He has already taken £6 billion a year from support for children, and now he has gone back for over £1 billion more: £7.5 billion a year from children, and £2.8 billion from the banks. He is taking between two and three times as much from children as from the banks. That is the supposedly progressive decision that this out-of-touch Government have made.

What do the Government's proposals mean for women? We know that the Government are already worried about their popularity among women, for the No. 10 memo tells us:

"We know from a range of polls that women are significantly more negative about the Government than men. We don't at present have a finer-grained analysis than this".

It also says:

"the group of Cabinet Office and No 10 women we assembled felt strongly that the general tone and messages of government communications, particularly around deficit reduction were an issue - with women, especially in the public sector feeling targeted... we found the insights useful."

We can imagine the Tory special advisers scouring the Cabinet Office and No. 10 for women who would tell them the obvious. It is not rocket science, and it should not take so much for them to find out what is the experience of women across the country.

The memo also says:

"we are clear that there are a range of policies... which are seen as having hit women, or their interests, disproportionately, including... Public sector pay and pensions...Tuition fees... Abolition of Child Trust Funds... Changes to child tax credit and the childcare element... Changes to child benefit... Rising cost of living... Lone patent obligations... Income support".

Exactly. So what have the Prime Minister, the Chancellor and the Deputy Prime Minister done in response to that? They have simply gone back for more.

In the autumn statement, the Government are hitting women hardest again. We already knew of the £16 billion that they were raising in tax and benefit changes—£11 billion of it coming from women, even though women still earn less and own less than men. It is hurting but it is not working, so the Government think that they should just go back and make it hurt more. The Prime Minister can try as much as he likes with his new women's spin doctor, the marginally greater chance that a woman will occupy the throne as a result of the succession changes, and some family-friendly photo opportunities, but that is all that he is offering, and it will not work. The Government are out of touch, and women throughout the country are aware of the damage that they are doing to their families and their lives.

The biggest problem, of course, is the impact on growth and jobs that is affecting women, families and everyone else in the country. An extra £29 billion on the benefits bill is not lifting people out of poverty, and is not helping people into work. It is the cost of failure: the choking off of recovery, more people on the dole, and the pushing up of inflation. We should be investing in growth and jobs, not borrowing to pay the bills of failure. This is hurting, not working, and it is time to change course.

6.50 pm

The Minister of State, Department for Work and Pensions (Steve Webb): I agree with the right hon. Member for Normanton, Pontefract and Castleford (Yvette Cooper) on one thing: this has been a worthwhile and important debate. We have had 31 contributions from across the House on the important issue of living standards. However, there is an omission in the motion. It refers to the impact of policies on living standards and to hard-working families, women and parents, but it does not mention pensioners at all. I wonder why. It is probably because the Labour party assumed that we were not going to keep our promise, but we did. We uprated the basic state pension by 5.2%—the biggest increase ever, at £5.30—and passed that money through to the poorest pensioners. We have done the right thing by pensioners; it is not surprising that Labour Members do not want to talk about it.

What are the key things that matter to our constituents about living standards? The first and most important is their mortgages. One in three households has a mortgage. We have the lowest mortgage rates on record and we have kept them that way.

The right hon. Member for South Shields (David Miliband) made a thoughtful contribution in which he reminded us why most of his colleagues wanted him as party leader and not his brother. He explained that he did not think the Government's stance on the fiscal position had anything to do with interest rates, but does he accept that Britain's credit rating has improved, almost uniquely, because we are taken seriously on tackling the debt? That is the crucial difference between this side and the Opposition.

The hon. Member for York Central (Hugh Bayley), if I can distract him from his BlackBerry, referred to the national debt and to Labour's golden economic legacy. He forgot to point out, however, that the national debt—£750 billion in total the year before the election—was slated under his plans to double to £1.5 trillion. I may be old-fashioned, but with a trillion here and a trillion there, we are soon talking about serious money. That was the burden.

We have talked about our children, with some almost dismissing the idea that we as a society have lived beyond our means. For every £3 we raised in tax, we were spending £4. That simply could not go on.

Several hon. Members *rose—*

Steve Webb: I am not giving way.

That could not go on, and it meant that our children will have to pick up the tab. Similarly, several hon. Members, including the hon. Member for Erith and Thamesmead (Teresa Pearce), have referred to public sector pensions. This is a classic case of asking our children to pick up the tab. For example, the right hon. Member for Holborn and St Pancras (Frank Dobson) asked why we did not value the teachers' pension scheme, as we might find that it was in credit. I have news for him: there is no scheme; there is no money. Today's teachers pay for today's retired teachers. There could not be a credit, because there is no fund. That is one of the problems with this whole debate. *[Interruption.]* There is no fund and no money; there is nothing invested. *[Interruption.]* If the right hon. Member for Holborn and St Pancras wants to intervene, I am happy for him to put on record what he is saying from a sedentary position. As a former Secretary of State for a major spending Department, if he does not understand that there is no cash in the teachers' pension fund, I will be very pleased to take an intervention from him.

Frank Dobson: The Minister and the Secretary of State refer to creating jobs in the private sector to compensate for the ones that have been lost in the public sector. Can he confirm that neither his Department nor any other is checking on how many of the so-called new jobs in the private sector are simply ones transferred from the public sector?

Steve Webb: I can understand why the right hon. Gentleman did not want to deal with the issue that I raised. I can point out to him, however, that the total number of people in employment will rise from 29 million last year to 30 million in 2016 under the projections. There will be more people in employment, and a rebalancing towards a vibrant private sector, which we want to see.

As well as mortgages, Members on the Government side have talked about the council tax. Labour Members did not seem to want to talk about the council tax, as though it did not matter. The council tax is one of the most regressive taxes that we have. This Government froze it and will freeze it again. That is real help for hard-working families.

A number of hon. Members talked about fuel prices and petrol. It is this Government who cancelled the 3p rise in January. It is Labour that had the escalator, year after year, with above-inflation increases in petrol prices. Under our plans for duty, petrol prices will be 10p a litre less than under Labour's plans.

Mr Byrne: I am following the Pensions Minister's argument closely. The Budget also set out about £30 billion of cuts in the next Parliament. Will he confirm whether it is the Liberal position to support those cuts?

Steve Webb: I am grateful to the right hon. Gentleman for intervening, because I asked him the question when he was speaking, and he said that he opposed cuts for people who are out of work and that he opposed cuts for people who are in work. When I asked him whom that left, he said nothing—he never answers the question—and his Back Benchers said, "The bankers". He was in the Treasury when, before the general election, the Labour Government introduced a "temporary" bankers' bonus tax. If Labour thought they were going to win the election, why did they not make the bankers' bonus tax permanent? It was a one-off, pre-election gimmick, whereas this Government have introduced a banking levy that, every year, will raise more than his temporary banking tax raised in any year.

Sheila Gilmore: Will the Minister give way?

Nic Dakin (Scunthorpe) (Lab): Will the Minister give way?

Steve Webb: I have four minutes to respond to more than 30 speeches. Out of deference to Labour Members, I will do so.

The shadow Home Secretary talked about the position of women, and it is important that we deal with that point. The difference between this Government and the Labour Government is that we are taking 1 million people out of tax, the majority of whom are women, whereas her Government abolished the 10p tax rate, from which the majority of the losers were women.

There has been much discussion of the gainers and losers from the Government's policies. I refer the House to the chart on page 4 of the Treasury document, "Distributional analysis to accompany the Autumn Statement 2011", which ranks households by expenditure and shows the smallest cash losses at the bottom and the biggest cash losses at the top—progressive changes in difficult times.

Several hon. Members *rose—*

Steve Webb: My hon. Friend the Member for Bristol West (Stephen Williams) made a characteristically thoughtful contribution pointing out the contrast between the two parties' records—the 75p pension rise and the abolition of the 10p tax rate under the previous Government, and the personal tax allowance increases that this party is bringing in.

Hon. Members: Give way!

Mr Speaker: Order. The House must come to order. It seems clear on observation that the Minister is not giving way.

Steve Webb: I am grateful, Mr Speaker.

The hon. Member for Dover (Charlie Elphicke) spoke about how low interest rates benefit growth, which is crucial to the economy. The hon. Member for Broxtowe (Anna Soubry) raised the crucial issue of us having to pay our own way.

In opposition, one must do two things: yes, one must oppose the things that one is against, but one must also propose the things that one is in favour of. The Labour party failed to tell us where the £46 billion of spending cuts identified by the shadow Secretary of State for Work and Pensions would come from. We heard speech after speech from Labour Members who were opposed to every single cut, but I heard no Labour Member say what they would cut. We heard that there should not be cuts for people out of work, or for people in work, that there should not be cuts to the public sector, or to the private sector. Where does all the money come from? Answer came there none.

Ms Rosie Winterton (Doncaster Central) (Lab) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Main Question put accordingly.

The House divided: Ayes 226, Noes 293.

Division No. 406] **[6.59 pm**

AYES

Abbott, Ms Diane	Bailey, Mr Adrian
Abrahams, Debbie	Bain, Mr William
Ainsworth, rh Mr Bob	Balls, rh Ed
Alexander, rh Mr Douglas	Banks, Gordon
Alexander, Heidi	Barron, rh Mr Kevin
Ali, Rushanara	Bayley, Hugh
Allen, Mr Graham	Beckett, rh Margaret
Anderson, Mr David	Begg, Dame Anne
Ashworth, Jonathan	Bell, Sir Stuart
Austin, Ian	Benn, rh Hilary

Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clarke, rh Mr Tom
Coaker, Vernon
Coffey, Ann
Cooper, rh Yvette
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
De Piero, Gloria
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Doran, Mr Frank
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Maria
Efford, Clive
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hanson, rh Mr David
Harman, rh Ms Harriet
Healey, rh John
Hendrick, Mark
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Long, Naomi
Love, Mr Andrew
Lucas, Ian
MacNeil, Mr Angus Brendan
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCarthy, Kerry
McClymont, Gregg
McDonnell, Dr Alasdair
McFadden, rh Mr Pat
McGovern, Jim
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Ritchie, Ms Margaret
Robertson, John
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Joan
Seabeck, Alison
Shannon, Jim
Sheerman, Mr Barry
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Williamson, Chris
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mr David Hamilton and Phil Wilson

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Bellingham, Mr Henry
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackwood, Nicola
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Bray, Angie
Brazier, Mr Julian
Brine, Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Cairns, Alun
Carmichael, Neil
Carswell, Mr Douglas
Clark, rh Greg
Clarke, rh Mr Kenneth
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davis, rh Mr David
de Bois, Nick
Djanogly, Mr Jonathan
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Evans, Jonathan

Evennett, Mr David
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Mr Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Grant, Mrs Helen
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hollingbery, George
Hollobone, Mr Philip
Horwood, Martin
Howell, John
Hughes, rh Simon
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lancaster, Mark
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Lidington, rh Mr David
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McLoughlin, rh Mr Patrick
McPartland, Stephen
Mensch, Louise
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Redwood, rh Mr John
Rees-Mogg, Jacob
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Julian
Soames, rh Nicholas
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Mr Shailesh Vara and Norman Lamb

Question accordingly negatived.

Business without Debate

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11).

GENERALISED TARIFF PREFERENCES

That the House takes note of European Union Document No. 10052/11 and Addenda 1 to 3, relating to a Draft Regulation applying a scheme of generalised tariff preferences; and supports the Government's aim that the reform of the Generalised System of Preferences (GSP) should be an opportunity to focus the scheme on the poorest countries by increasing preferences to those on the scheme and widening the eligibility criteria of the special incentive arrangement for certain countries, GSP+, but that this should not be used as an instrument to increase protectionism by the blanket removal of all Upper Middle Income Countries.—*(James Duddridge.)*

Question agreed to.

PLANNING NATIONAL POLICY STATEMENTS

Ordered,

That Standing Order No. 152H (Planning: national policy statements) be amended as follows:—

(a) line 28, leave out sub-paragraph (c) and insert—

'(c) may report from time to time and shall cease to exist when the relevant national policy statement is designated'; and

(b) leave out paragraphs (4) and (5).—*(James Duddridge.)*

Dalgety Bay (Radiation)

Motion made, and Question proposed, That this House do now adjourn.—*(James Duddridge.)*

7.15 pm

Mr Gordon Brown (Kirkcaldy and Cowdenbeath) (Lab): I have called this debate for one purpose and one purpose only: to persuade the Ministry of Defence of the need for urgent action in an area in my constituency where radioactive materials have been discovered.

The affected land on the shores of the Firth of Forth occupied by and near Dalgety Bay sailing club is a few yards from people's homes, near where children play, and is an area where many go for walks. But in the past six weeks, materials that were dumped there by the Ministry of Defence in the 1950s—aircraft dials, aircraft paint and other materials—have been discovered, with radioactive levels that are 10 times anything witnessed before. They are an undeniable hazard, they are materials which children should not touch, and they are particles which should be removed quickly and in full.

Urgent action is necessary not just because of risks to safety, but because the Scottish Environment Protection Agency has now stated publicly that unless the Ministry of Defence brings forward a remedial plan for the area, the agency will designate Dalgety Bay a radioactive contaminated piece of land. This will be the first and only land to be designated as radioactive contaminated in the United Kingdom, and the agency says that it will nominate the Ministry of Defence as the culpable party.

Lindsay Roy (Glenrothes) (Lab): Does my right hon. Friend agree that the Ministry of Defence abdicated its responsibility for the contaminated land when it unilaterally informed the local forum that it

"had no plans to continue monitoring and removing contamination from the site"?

Surely such irresponsible inaction deserves the strongest condemnation.

Mr Brown: That was in 2010. I shall come to that.

I have had to call this debate because, despite a succession of approaches to the Ministry of Defence—letters, phone calls, a chance conversation with the Secretary of State for Defence, whom I acquainted with the issue—the Ministry of Defence has yet to instruct the necessary actions and agree that a plan for remedial work is prepared, funded and implemented.

Since 1983 I have been the Member of Parliament representing the community of Dalgety Bay. It is near where I grew up and went to school, and near where I live and where my children go to school, so I have been aware for many years of the history of the site and of the past dumping of materials there by the Ministry of Defence. Those came from Donibristle airfield, which was created in 1917, was opened, closed and then opened again, and when reopened became, like the nearby Royal Navy base, vital to the second world war effort. Even as late as 1959, when it was announced that it would be closed down as an aircraft repair yard, it employed 1,400 industrial and non-industrial staff.

In that time, disused aircraft, including aircraft dials, materials used for painting dials and other instruments, were broken up and dumped at Dalgety Bay. On that land houses were built and the sailing club was established. Since 1990 materials with some radioactivity have been detected at Dalgety Bay. In June that year, after environmental monitoring by Babcock, the owners of Rosyth dockyard, elevated radiation levels including the presence of radium 226, were found. At that time particles were removed. As was reported later, they were removed "as far as possible", but since 1990 and at regular intervals, I and the local community council, headed by Colin McPhail, have pressed for regular monitoring of any potential threat to the safety of local residents and to reassure locals that we have consistently asked for surveys to be done, tests to be carried out and investigations to be made.

Until 17 October this year, no investigation that I have seen has yielded evidence of substantial pollution or danger. In fact, at the request of local people, the National Radiological Protection Board—now the Health Protection Agency—carried out surveys during May and June 1991, as it monitored the beach, and then in 1992, 1993 and 1994. It reported that it found only low-level contaminated material buried below a layer of soil.

That was followed in 1995 by a detailed risk assessment, commissioned from a multidisciplinary research team at the university of Aberdeen. Its purpose was to assess the implications of radiation contamination, to consider the level of risk to the public and to review the options for reducing the contamination, if that were necessary. The study found that the variations in the ambient radiation dose rate values were within normal levels and calculated that the highest ambient dose rate found at Dalgety Bay was only two thirds of that found naturally in the granite in Aberdeen.

When the inquiry team published their survey in 1998, they reported that radium contamination was present not as a layer in the sediment, but randomly distributed as particles. However, they found that the number of radiation particles found in the area surveyed was very small and, thus, the risk of coming into contact with such a particle was "very low". They found that the risk of inhalation was also low and reported that skin contact with a particle for an extended period could produce a very small burn similar in nature and severity to a fire-ash burn, but concluded that the maximum fatal risk per year from inhaling or swallowing a radioactive particle to any user of the area surveyed was negligible; it was calculated as clearly

"less than one in a million".

However, we rightly agreed that we would continue monitoring, and in 2006 SEPA compiled a report that concluded that further work needed to be done. It also highlighted the possibility of coastal erosion that might bring particles nearer to the surface, but said:

"The most probable effect of an encounter which lasts for a number of minutes is a skin burn. The chances of ingestion…is highly unlikely, around one in half a million per year".

The common view locally was that during the break-up of some aircraft some of the redundant luminescent materials had been burnt, and it was likely that the resultant ash and clinker produced from burning were either buried or spread on the ground surface. It was reported:

"It is therefore possible that the action of burning of luminised dials can produce a diverse range of chemical forms".

Since then, at our request and at the request of others, six monitoring surveys and three intrusive investigations were carried out by Entec over the course of 12 months, and they have found that the radioactive materials probably derived from a bed of ash material. But, as was reported,

"recontamination of the beach continued, indicating that either the ash horizon was not the only potential host material, or that"—

other—

"sources continued to be present...and continued to re-contaminate the beach."

Of the 128 particles, 48 were recovered from investigations of the ash bed, 28 from clearance surveys of the beach and coastal path, and 51 from regular visits to monitor the area. These surveys made it clear that

"the data do not indicate a reducing rate of hazard recurrence...at the site."

I should add that, also after our request, work was also commissioned over these years by the health board, whose study of data from 1975 to 2002 did not reveal any correlation between the location of the radioactive materials and the incidence of cancer. So until a few weeks ago none of these surveys revealed any substantial risk or out-of-the-ordinary levels of radiation. Many of them were carried out at the expense of the MOD, because it rightly recognised that this monitoring was its responsibility. But in mid-October, work done by SEPA dramatically revealed particles at a level of radiation 10 times that of any previous discovery and led to the decision by SEPA, after repeated contact with the MOD, that it had to take action in the weekend of 17 to 19 November to remove potentially dangerous items. This was work that, as the correspondence makes clear to me, the MOD was willing to instruct. However, unfortunately, it would not guarantee that it would immediately remove any items discovered or submit them for full investigation.

So on Saturday 19 November, without the help of the MOD, SEPA took action and removed what it reported to be

"a second potentially high activity source".

It was

"five times greater activity than anything previously recovered".

SEPA also reported that a

"second source was also recovered"

and that

"a third source was found at the surface"

and that required urgent action.

So the real issue here is that there needs to be agreement on a plan for remedial action, given what we know now about the radioactive materials on the site. In October, SEPA wrote to the defence industrial office asking for assistance in monitoring and for a plan of action to repair the site. On 10 November—I quote from its letter—the MOD said, astonishingly, that

"any suggestions that the Ministry should provide a plan of action is immature at this stage".

On 24 November, SEPA again wrote to the MOD asking for a commitment to undertake appropriate remediation and

"the delivery of a plan"

with

"sufficient resources and funds to enable work to be undertaken".

However, at the most recent meeting with the Dalgety Bay officials, the MOD was

"unable to commit to undertaking any remediation following site investigation".

That has caused SEPA to say that unless there is a plan—not just agreed in principle but produced by the MOD—it will, in March next year, designate the site as contaminated and name the MOD as the responsible party

Thomas Docherty (Dunfermline and West Fife) (Lab): My right hon. Friend is to be congratulated not only on securing this debate but on the dogged way that he has pursued this issue over a number of years. He will know that the beach is incredibly popular with his constituents and with mine. Does he agree that it is absolutely vital that the Ministry of Defence deals with this quickly so that our constituents can continue to enjoy this beauty spot?

Mr Brown: Yes.

We now have clear evidence that there is a radioactivity level higher than anything that has been seen before. We have a desire—indeed, a demand—locally for remedial action. The community council chairman, Colin McPhail, has said very eloquently that fears in the area need to be allayed. We have correspondence, which I have seen, between the two Government agencies, but it has failed to resolve the issues despite the urgency of the need for action. It is therefore necessary that I bring this matter to the House so that we can secure agreement on preparing and financing a remediation plan for the site.

Over the years, the MOD has funded work, including the removal of radioactive contamination from homes in the area, but the result of its work on those homes has never been disclosed. It has funded the permanent erection of signs to provide warning information to the public, but those signs now require updating. In 2009, the MOD undertook an investigation of the slipway area which recovered 100 sources of radium. The MOD analysed whether the inter-tidal area was itself the source of the contamination, but found that not to be the case. The MOD has agreed to fund three annual surveys and removal programmes at Dalgety Bay. However, SEPA believes that it has detected caches of contamination that MOD contractors may have missed. Through the re-monitoring that SEPA has done, significantly more sources of radioactivity have been found, and while the MOD contractor removed 33 sources, SEPA has removed 442 separate particles. Together with this large number of sources, the SEPA investigation has recovered four high-activity sources from the inter-tidal area of Dalgety Bay, and those are, at the highest levels, 76 times greater than anything previously reported. In the light of recent findings, SEPA now considers that any survey and removal at Dalgety Bay that was previously agreed is not enough. It believes that joint work is now required with the Health Protection Agency and that an urgent plan is required to repair the site.

The community that lives in Dalgety Bay and in the vicinity of Rosyth dockyard is a loyal and patriotic community whose patience and good will has been sorely tested. At one time, Rosyth dockyard and naval base employed 15,000 people and was the base for thousands of servicemen and women. Churchill rightly described Rosyth as the greatest defended war harbour

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in the world. Today, it is home to 1,500 workers who are building the new aircraft carriers, but the naval base that has been so important to the local economy has gone. The current proposal for Rosyth is that nuclear decommissioning work be done on nuclear submarines that are currently stored there. Ironically, at the very moment when the MOD is trying to persuade local people that their fears about any radiation from that nuclear source should be non-existent, it seems to be utterly slow to act on the removal of the other source of radioactivity, which is its responsibility. This is no way to treat loyal supporters of our armed forces and people who, having refitted the Polaris submarines at Rosyth, have lived with nuclear dangers for years.

It seems very strange that this country has been home to nuclear-powered and nuclear weapons submarines, nuclear power stations and experimental nuclear work at Dounreay, and yet we face the prospect, because of the inactivity of the MOD, that a small piece of land occupied mainly by a sailing club will carry the title of the only officially registered area of radiation contaminated land in the United Kingdom.

The damage to the area, the loss to the community, the disruption to local people, the reduction in property values, the loss of a public space where children can play and young people can sail are totally avoidable. That can be avoided by decisions of the MOD that should be announced today. I ask in this debate for a recognition of the Ministry's responsibility to agree to develop and to fund a remedial action plan to clear up the Dalgety Bay site. The community council, among others, is right to demand nothing less, and, on behalf of the community I make their demands directly to the Minister this evening. I expect not only a full and comprehensive response but a decision to be announced this evening that the action that is necessary to draw up a remedial plan to clear the site at Dalgety Bay will be instructed by the Ministry of Defence immediately.

7.30 pm

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): It is a pleasure to see the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) in his place and I congratulate him on securing this important debate. All those involved understand that there is a serious issue at Dalgety Bay. The Ministry of Defence, the Scottish Environment Protection Agency and other stakeholders who comprise the Dalgety Bay Forum all recognise that there is an issue.

I do not entirely recognise the portrayal of the situation given by the right hon. Gentleman. Since the early 1990s, we have been aware that radioactive material was being washed up on the foreshore and found on land, as he said. This material takes the form of fragments from navigational instruments and dials coated with luminescent paint with radium 226. The flakes of such paint are radioactive. We have worked with SEPA and the Dalgety Bay Forum for many years, certainly between 2007 and 2010, to understand the risk and the requirement for remedial measures. Such measures should be proportionate, sustainable and cost-effective.

We also agree that removal of radioactive sources by MOD and SEPA has reduced any hazard posed to the local population. Notwithstanding the fact that the issues have been around for some time, the general consensus has been that risks were low, as the right hon. Gentleman admitted. We took this approach because it was consistent with the advice of the Health Protection Agency, which he mentioned. Until recently, SEPA publicly acknowledged the MOD's contribution to finding a credible solution. However, following preliminary testing earlier this month, SEPA disclosed that it has discovered higher levels of radiation than in previous tests. Naturally, this has caused a certain amount of concern among his constituents and he is right to raise that.

Given the recent finds, we agreed only last week to work with SEPA over the next four weeks to identify a programme of work that will inform the scope of any long-term credible remediation and management measures. This work will also look at interim management measures and we will continue with our existing monitoring programme. Indeed, the first meeting between the MOD and SEPA to establish a credible investigation plan occurred yesterday, which is further evidence of how seriously we take this issue.

Previously, we have acted voluntarily and discreetly to investigate and remediate radium 226 contamination affecting residential properties that have been built on the site of the former Royal Naval Air Station Donibristle. This measured approach was welcomed by the residents as our action avoided unnecessary blight, anxiety and stress. The MOD also took forward the recommendations of the Committee on Medical Aspects of Radiation in the Environment. We remain concerned that any designation of the area because of the contamination would be not only premature but disproportionate and certainly not in the interests of residents.

I must also make it clear that the location from which the artefacts and radioactive material are currently emanating has yet to be conclusively established. We are concerned that recent attempts to attract national media attention to this issue will have the opposite effect to the one intended on the local community.

To put the situation in context, the beach and the foreshore at Dalgety Bay lie adjacent to the former Royal Naval Air Station Donibristle. Our records show that Donibristle was first used by the Royal Flying Corps in early 1917. The RNAS took over in August that year, and from 1 April 1918, when the RNAS and the RFC were amalgamated, the site came under Royal Air Force control. It was put on a care and maintenance basis in 1921, and the airfield was reopened as an air station in 1925, when it was used as a shore base to disembark carrier aircraft and as a training base. Donibristle was a torpedo training school from 1934.

With the onset of world war two, the grass strip airfield came into royal naval use once more, and RNAS Donibristle was commissioned as HMS Merlin, eventually becoming an aircraft repair yard. By 1941 the yard was processing some 320 aircraft a year. A second runway was completed in early 1944, when the station had the capacity to accommodate 220 aircraft and was, therefore, pretty busy. Some 1,000 military personnel and 2,000 civilians were employed on site, and by the end of the war the total number of aircraft repaired and inspected reached more than 7,000. After the war, the site flew the flag of Flag Officer Carrier Training. In 1953, HMS Merlin was paid off, but repair and reconditioning work continued for the Fleet Air Arm.

The yard and airfield are recorded as having closed in August 1959, but there were royal naval barracks at Donibristle between 1962 and 1963. The land was subsequently sold, and some time later—in other words, well after the MOD had gone—it was developed for housing and industrial use, including the Donibristle industrial park.

We all recognise that "radioactivity" and the fact of contamination will give cause for concern, so it makes sense to ask how serious and real the risks are at Dalgety Bay. I am aware that there has been criticism of the manner in which the risk has been presented in the media. SEPA has recently found higher activity sourced at some depth—about 75cm, or 2 feet for those who deal in old-fashioned measurements—beneath the foreshore. MOD experts advise that that does not necessarily imply a step change in the risk to human health, or the need for additional mitigation measures over and above what SEPA has already put in place.

Indeed, as I have said, the Health Protection Agency has and continues to hold the view, despite the recent finds, that the risk is likely to be low—a view that SEPA has hitherto shared. Nevertheless, given the recent finds of relatively high activity, the HPA quite understandably feels it important that the risk be adequately quantified and understood, taking into account the likelihood of exposure. I therefore welcome, as I hope the House will, SEPA's establishment of an expert group, which is charged with doing exactly that. My officials are observers to the group and stand ready to assist as required. That leads me to the calls for the MOD to develop a "credible remediation plan".

We need to understand how the contamination at different locations is being caused. Is it, for instance, from erosion of the former refuse tip within the headland, or is it from other sources? Interestingly, the refuse tip is not documented in the 1959 contract of sale, and it is recorded only subsequently in the 1960s, on maps and so on. It is equally important to understand how radioactive sources found at depth in the foreshore have come to be there, the plausibility of their exposure by a storm event, and the impact on public health if that occurs.

The removal of what is known has ensured public safety in the short term, but an effective solution depends on assessing what might still be present and the risks from it. Moreover, what precisely would comprise an effective solution, given the current uncertainties? The answers to such questions are necessary in order to inform appropriate remediation measures. For those reasons, the MOD has offered to assist SEPA further. We are engaged with SEPA, working in consultation with it to develop and deliver the investigation necessary to help answer those important and relevant questions.

Of course, responsibility for such investigation would normally fall within SEPA's statutory mandate for which it is funded, but I recognise that any delay would not be in the interests of residents. Moreover, my Department has disposed of material for them, so we are continuing with our voluntary assistance, which includes arranging for the disposal of material found by SEPA.

Mr Gordon Brown: The issue comes down to this: even after the letters from the Ministry of Defence and the meeting yesterday, the Scottish Environment Protection Agency still says that, unless the Ministry of Defence can give assurances, it will designate the land as radioactive and contaminated, which is not something people want. It seems strange that the Ministry of Defence was prepared to accept responsibility for monitoring when there was no problem, but now is not prepared to accept full responsibility for remedial action. I simply ask the Minister to give a straightforward assurance that the necessary remedial action will be taken and funded by the Ministry of Defence. I think we should ask for nothing less and that he is in a position to give that assurance.

Mr Robathan: I think that the right hon. Gentleman would agree that the important thing is to know what the dangers are before getting into a great state about it, because I am afraid that there is some conflict and disagreement on this. We are engaged with SEPA on the matter, and I think that it is important that we remain engaged.

Mr Brown: The Ministry of Defence has been told by the Scottish Environment Protection Agency that a remedial action plan is needed. It has the power to designate the land and require the Ministry of Defence to do this. It will not change its mind about whether a remedial action plan is needed, and nor should it because of what we have found in the past few weeks. All we need is an assurance from the Ministry of Defence that it will not only produce the remedial action plan with the Scottish Environment Protection Agency, but properly fund it. The Minister is in a position to give that assurance, based on everything else the Ministry of Defence has said and done in the past, and should do so now to allay the fears of local residents.

Mr Robathan: The right hon. Gentleman tells me that I am in a position to do this, but for a long time he was in a position to take further action should he have so wished. I am afraid that that is the case. Contrary to some media reports, I do not believe that it can reasonably be said that the MOD is being complacent or unhelpful. On the contrary, we have assisted and will continue to assist SEPA by undertaking surveys and disposing of recovered sources. We have remedied land-based contamination in residential areas within the former RNAS Donibristle site. We have also funded the warning signs and play an active part with the Dalgety Bay Forum. All in all, we have already spent £750,000 on land remediation signage and surveys and on assisting SEPA in other ways. Without further investigation, it is difficult to justify using taxpayers' money to remediate while the current source, level of risk and remediation necessary remain unclear. That is why, in addition to the three-year monitoring and collection work we are already doing in conjunction with SEPA, we have agreed to undertake further investigative work. As I said earlier, we understand that the work we have done was seen, until recently, as entirely satisfactory by SEPA.

Mr Brown: The work is not seen as satisfactory by the Scottish Environment Protection Agency. I talked with head of the agency this afternoon, who assured me that he has had no assurances from the Ministry of Defence that it will do what the Scottish Environment Protection Agency needs. To return to the central point, the Ministry of Defence was prepared to accept responsibility for the site when there was no real problem, but now that we have a problem it should, in order to allay local people's

[Mr Gordon Brown]

fears, say that it will fund the necessary remedial action plan. It is not in a position to say whether that action is needed. In law, that is a matter for SEPA, which the Minister seems to misunderstand. The question is will the MOD, having designated the site as an area of difficulty, honour the responsibility to fund the remedial action plan? It is a simple question and we need a simple answer.

Mr Robathan: I can see the characteristic passion and vigour with which the right hon. Gentleman has put his case. There is more to this than media reports in Kirkcaldy, or wherever it may be, suggest. The Health Protection Agency has a role to play. He shakes his head, but the Health Protection Agency has a role to play in this. He is of course right and entitled to represent the concerns of residents, but I do not think that we should get this out of proportion. We continue to believe that the risk to health remains low and that precipitate action is in no one's interest. I can assure him and his constituents that the MOD will continue to work in a credible and responsible way with all concerned at Dalgety Bay.

Finally, may I say what a pleasure it has been to discover how many Members of the House are as interested as I am in the concerns of the people of Dalgety Bay?

Question put and agreed to.

7.44 pm

House adjourned.

House of Commons

Thursday 1 December 2011

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

ENERGY AND CLIMATE CHANGE

The Secretary of State was asked—

Green Investment Bank

1. **Stephen Mosley** (City of Chester) (Con): What recent discussions he has had with the Secretary of State for Business, Innovation and Skills on the effect of the Green investment bank on levels of investment in renewable energy infrastructure. [83959]

The Secretary of State for Energy and Climate Change (Chris Huhne): I regularly discuss the Green investment bank with ministerial colleagues, including the Secretary of State for Business, Innovation and Skills, and am confident that it can play a major role in capitalising private sector investment in renewable energy.

Stephen Mosley: I thank my right hon. Friend for his answer and welcome the Chancellor's announcement in his autumn statement earlier this week of £200 million in incentives to support the green deal. Will the Green investment bank be able to back up that important investment and provide low-cost loans to support the green deal?

Chris Huhne: Supporting energy efficiency projects is indeed part of the Green investment bank's remit, and clearly that includes the green deal. We can certainly envisage a key role in the launch of the private finance, because after all the green deal is private finance, but at the very beginning it will be important that the markets gradually get used to the idea of that new type of instrument, and the Green investment bank could have an important role in facilitating that.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): I am glad to hear that the Secretary of State is discussing the issue with colleagues. When will a decision on the location of the Green investment bank be made, and when will it be up and running for business?

Chris Huhne: The first investment should be made in the spring of next year. The location will be a matter first for the advisory board, whose advice I also anticipate will be available next year. The hon. Gentleman will bear it in mind that the Department for Business, Innovation and Skills is leading on this.

Roger Williams (Brecon and Radnorshire) (LD): The coalition agreement emphasised anaerobic digestion as a technology to take forward, yet many people who are keen on it find obstacles in their way, including funding. Will the Green investment bank be able to provide funds for those people so that they can take their projects forward?

Chris Huhne: I thank my hon. Friend for his question. He is right that anaerobic digestion is one of the technologies that we want to encourage. Indeed, it falls broadly within the renewables remit of the Green investment bank, but my understanding of the problems with anaerobic digestion is that they relate principally to planning and objections, rather than funding. Funding is not the key issue with AD.

Caroline Flint (Don Valley) (Lab): As we heard on Tuesday, because of the Government's cuts, which are going too far and too fast, the economy is flatlining, unemployment is rising and the Government will miss their borrowing targets. In his autumn statement the Chancellor lauded the Green investment bank as proof of his green credentials, but on 9 September the Government confirmed in a written answer that the Green investment bank would have full borrowing powers only from April 2015, subject to public sector net debt falling as a percentage of GDP. Will the Secretary of State confirm that the Government's policy is that we will not have a proper Green investment bank with borrowing powers until 2016 at the earliest?

Chris Huhne: I thank the right hon. Lady for her question. When the Green investment bank will be able to borrow has been set out clearly from the beginning. She wants to make the point that the borrowing powers of the Green investment bank are delayed, but the reality is that we are the only leading industrial country never to have had an infrastructure bank, despite the common experience of the 1930s and despite 13 years of Labour government. I very much hope that we will meet the net debt-to-GDP target as soon as possible, and when we do the GIB will be able to borrow.

Energy Prices

2. **Simon Wright** (Norwich South) (LD): What recent discussions he has had with major energy companies on their pricing policies. [83961]

The Secretary of State for Energy and Climate Change (Chris Huhne): I am sorry, Mr Speaker, but I do not have the answer to the question.

Mr Speaker: It is on what discussions the Secretary of State has had with major energy companies on their pricing policies.

Chris Huhne: Thank you, Mr Speaker. I was under the impression that the question had been withdrawn, but I am happy to answer my hon. Friend.

We have had a number of discussions with energy companies, most recently the energy summit, in which we discussed consumer pricing.

Simon Wright: I thank the Secretary of State for his response. I am concerned about the extent of savings that are offered to the internet savvy and subsidised by offline customers. Given the digital divide, with many of

the poorest households and older customers not having internet access, what action is he taking to ensure that everyone pays a reasonable price for their energy?

Chris Huhne: One of the key issues is that people who do not have online access should be able to get sources of advice that enable them to take advantage of cheaper tariffs. That may be people who are elderly or not necessarily able to get online, and one of the things that we are attempting to do is to encourage charities in the sector and organisations such as Citizens Advice to provide help when it is not forthcoming from family members. They are also a very important way of helping the elderly to move on to cheaper tariffs, however, and I know that a lot of family members do take the time to ensure that elderly members of the family get cheap tariffs.

Tristram Hunt (Stoke-on-Trent Central) (Lab): Energy pricing affects our industrial competitiveness, so although I welcome the Government's steps in the autumn statement on energy-intensive industries, I note the real concern in the ceramics sector that such steps will do nothing to assist it. Will we see further announcements in the coming weeks for industries such as ceramics, particularly on capital allowances?

Chris Huhne: One key thing with the energy-intensive industries is that it is crucial to help those that will be most affected because of electricity intensity and their competitive position in terms of trade. We will set out the full details of that in the consultation.

Mr John Baron (Basildon and Billericay) (Con): The Minister will be aware that one recommendation of the billing stakeholder group was that energy suppliers should send a tailored communication to customers, detailing in pounds, shillings and pence how much they could save by transferring to that company's cheapest standard direct debit tariff in time for this winter. Two suppliers, Scottish Power and npower, have complied; four have not. Will the Minister now look at bringing those four into line?

Chris Huhne: First, I pay tribute to my hon. Friend for his work on the issue, because it is crucial that people are provided with clear and specific advice on what they can do. He is absolutely right to draw attention to the two large energy companies that have already complied, and yes, indeed, we are bringing pressure to bear to ensure that all the others follow.

Bill Esterson (Sefton Central) (Lab): Will not energy companies benefit from pricing at the expense of companies such as Energy Outlet, in Formby in my constituency, which has lost business due to the cuts in support for solar energy, and that consumers will also lose out due to the change that the Secretary of State has made at short notice?

Chris Huhne: I simply do not agree with the hon. Gentleman, who argues that consumers will lose out from the measure. If we had not acted quickly to deal with cost overruns in the sector, not only would we not have been able to provide a sustainable future for those who are employed and have businesses in it, but we would have added so substantially to consumer bills that the impact on many other businesses right across the country, through reduced consumer spending, would have been substantial.

Domestic Energy Costs

4. **Ian Murray** (Edinburgh South) (Lab): What steps he is taking to assist households with their energy costs. [83963]

10. **David Wright** (Telford) (Lab): What steps he is taking to assist households with their energy costs. [83971]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): We expect the warm home discount scheme to help about 2 million low-income and vulnerable households per year. This winter, energy suppliers will be required to provide automatic rebates of £120 on energy bills to more than 600,000 pensioners on the pension credit guarantee. In future, the green deal and the energy company obligation will provide energy efficiency measures at no up-front cost.

Ian Murray: The Minister will be aware that the Secretary of State, at the Liberal Democrat conference just a few weeks ago, said:

> "None of us should have to save on warmth in a cold winter. Some of the most vulnerable and elderly will shiver—and worse—if we do not help."

Why then does he believe that the Government should cut winter fuel payments to 12.7 million pensioners?

Charles Hendry: The hon. Gentleman will be completely aware that that policy was announced by the previous Government, who did not put the money into their budget for it to go forward. We have therefore continued the policy that was put in place, but we have introduced the most rigorous scheme of energy efficiency in our homes—rolling it out in a way not even dreamed of by the previous Administration—to bring lasting help and care to support such people.

David Wright: Twenty-eight per cent. of households in the west midlands live in fuel poverty, and one of the key issues for them is the quality of the housing stock in which they live. Obviously, the poorer the housing stock, the more difficult it is to heat. What specific support are the Government giving to help those in private rented housing, which is often not invested in by landlords and often very fuel inefficient?

Charles Hendry: The hon. Gentleman makes a very important point. That is why the green deal has focused very strongly on those in the private rented sector and why we are considering introducing a legal obligation on private landlords to ensure that their homes are brought up to a reasonable standard. This sector has often been overlooked and has been harder hit than many others, and we are determined to make sure that it is now addressed properly.

Mr Tobias Ellwood (Bournemouth East) (Con): I very much welcome the warm home discount scheme, for which a number of elderly people in Bournemouth would probably be eligible. How are the Government making people aware of this important scheme?

Charles Hendry: My hon. Friend rightly draws attention to the warm home discount, which is up by two thirds as a result of the decisions we have made, whereby £120 million will be spent supporting 600,000 poorer pensioners. The energy companies are writing directly to many of their customers—and we, as a Government, are writing to millions of others—to make sure that they are aware of the extra energy efficiency support that they can have.

Andrew George (St Ives) (LD): How does my hon. Friend believe that the practice of falling block tariffs and direct debit discounts for the comfortably off helps to address fuel poverty?

Charles Hendry: My hon. Friend raises the important issue of whether people should pay more for the additional units they use or whether the level should drop. Our concern about moving to a rising rate is that children, pensioners or people with disabilities who are at home more and need more warmth could be adversely hit by such a change. Not only the larger properties and the richer families would be affected; it could easily also affect those whom we are most keen to support and help.

Caroline Lucas (Brighton, Pavilion) (Green): Does the green deal Minister remember telling the Energy Bill Committee that he fully expected the energy company obligation to provide a far greater level of support to tackle fuel poverty than either the carbon emissions reduction target or Warm Front? In what way is ECO's pitifully small £325 million a year for fuel-poor homes a far greater level of resource than the 2010-11 Warm Front spending of £370 million or CERT spending of about £600 million on priority groups?

Charles Hendry: I am sure that the hon. Lady is aware that this is funding that people can have in addition to the green deal support. It is designed to make sure that there is a comprehensive approach. We have sought to ensure that we have an holistic approach and that we do more on energy efficiency and on assisting poorer households. We are trying to make sure that we do this in the most effective way possible.

Feed-in Tariffs (Stoke-on-Trent)

5. **Joan Walley** (Stoke-on-Trent North) (Lab): What representations he has received on feed-in tariffs from people in Stoke-on-Trent. [83964]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The Department has received a significant number of telephone inquiries, responses to consultation exercises and other pieces of correspondence relating to the consultation on feed-in tariffs. These are very likely to have included representations from the people of Stoke-on-Trent. However, at this early stage I am afraid that I cannot give the hon. Lady a detailed breakdown.

Joan Walley: The Minister did in fact receive a letter from the chief executive and leader of Stoke-on-Trent council telling him that what is at stake with the Government's review of the feed-in tariff is 100 jobs and 4,000 council homes that will lose their opportunity to reduce heating bills. What is going on in Stoke-on-Trent is echoed all around the country. Given that everybody agrees that the feed-in tariff needs to be reviewed, but in a phased way, does the Minister agree that, at the very least, the existing tariff levels should be honoured for aggregated solar photovoltaic schemes where there are existing contracts?

Gregory Barker: There is nothing retrospective about the proposals that we are consulting on. The hon. Lady must accept that demand for the scheme is overwhelming compared with the budget that is available, and way beyond that which was anticipated by her own Government. We have to make very difficult decisions in balancing one factor against the other, but at the centre of our decision-making process will be a concern to ensure that this is a viable scheme that keeps the industry alive for the long term and does not support a short-term bubble.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op) *rose*—

Joan Ruddock (Lewisham, Deptford) (Lab) *rose*—

Mr Speaker: Order. Although I accept that the same sun shines on all three places, Huddersfield and Lewisham, Deptford are rather a long way away from Stoke-on-Trent, to which this question is confined.

Domestic Energy Bills

6. **Annette Brooke** (Mid Dorset and North Poole) (LD): What recent assessment he has made of the effects of Government policy on household energy bills. [83966]

The Secretary of State for Energy and Climate Change (Chris Huhne): I am delighted to say, Mr Speaker, that I do have the answer to this question.

On 23 November, DECC published its updated assessment of the impact of energy and climate change policies on energy prices and bills. The latest estimates show that the average household dual fuel bill is currently 2% higher than it would have been if energy and climate change policies were not introduced. By 2020, these policies will mean that the average household dual fuel bill will be 7% lower than it would have been in the same year in the absence of our policies.

Annette Brooke: I thank the Secretary of State for that answer. Would he be prepared to work with the Department for Communities and Local Government to see how the benefits of the discount schemes for people on low incomes could be extended to park homes, where the site owner is likely to buy in bulk and then resell, perhaps at quite a high price? To help the very vulnerable people in park homes, could there be a specific campaign to tell park home owners that they are eligible for the green deal?

Chris Huhne: I am grateful to my hon. Friend for that question. As a long-standing campaigner for people who live in park homes, she knows that they are far too often overlooked in schemes that benefit people who live in substantial and ordinary properties. It is crucial that we have the dialogue that she asks for to ensure that we help those people as far as we can. There are obviously practical issues that we need to address. We will try to get to the bottom of this.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): The Minister may not know that Huddersfield has a twinning arrangement with Stoke-on-Trent and that we work very closely together. People in Huddersfield, like the people in Dorset and Stoke-on-Trent, are sick to death of the cost of energy. They want a more visible, muscular effort from this Government to take on the energy companies, many of which are foreign-owned, and make them do their job.

Chris Huhne: I am sure that Mr Speaker is aware of Yorkshire's unilateral declaration of independence, which allows twinning arrangements to be entered into between towns in Yorkshire and towns elsewhere in the country.

The hon. Gentleman made a serious point about energy costs. I assure him that we are doing more than was done under the Government whom he supported for 13 years to make this market as competitive as possible. We have just had the Ofgem retail review and its proposals to simplify the tariffs dramatically to make things much easier for consumers. We have introduced a clear limit on the period in which the energy companies have to switch people over. We are doing everything we can to make this a competitive market, at both the retail end and the wholesale end. That is the best guarantee for every consumer in this country, be they in Huddersfield or Stoke-on-Trent, that they will get the best possible deal.

Mark Durkan (Foyle) (SDLP): Will the Secretary of State work with colleagues to establish a cost of warmth index, which could usefully inform the work of his Department, the Department for Work and Pensions, the Treasury and Parliament?

Chris Huhne: That is an interesting thought and I would certainly be interested to see more from the hon. Gentleman about this issue. I can see practical difficulties, given that warmth comes from so many different sources. For example, people who are off-gas grid and are reliant on heating oil may have substantially different problems from those who are on-gas grid and are able to avail themselves of a number of things. I would certainly be prepared to look at the idea if the hon. Gentleman put something on paper and sent it over.

Feed-in Tariffs (Consultation)

7. **Mr Jim Cunningham** (Coventry South) (Lab): What representations he has received on the length of time allocated to his consultation on feed-in tariffs for solar PV; and if he will make a statement. [83968]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The Department has received a number of representations in response to our proposals to reduce feed-in tariffs for solar PV, including the length of time allocated to our consultation. The consultation closes on Friday 23 December. Detailed information on the representations will be provided in the Government's response to the consultation in January.

Mr Cunningham: Is the Minister aware that many people who have given up their jobs or borrowed money from banks to invest in this area stand to lose out? What does he intend to do about that?

Gregory Barker: We intend to put the industry back on a sustainable path to growth, far more in line with the projections that were made by the former Secretary of State for Energy and Climate Change who is now the Leader of the Opposition. We need a scheme that supports the industry but does not impose burdens unnecessarily on hard-pressed consumers.

Gordon Henderson (Sittingbourne and Sheppey) (Con): Will my hon. Friend explain why the cut-off date of 12 December for new projects to be accepted at the current feed-in tariff is different from the consultation end date of 23 December? Why the two-week gap?

Gregory Barker: The reference date of 12 December is what we are consulting on, but the changes that we are proposing would not actually kick in until the beginning of April. We had to choose a date that we thought fair to allow people who had contracts in the pipeline to complete those contracts, but without allowing sufficient time for people to enter the market who were not already engaged in the process, and we chose April.

Caroline Flint (Don Valley) (Lab): We all know that the Government's consultation, which will last half the normal length of time and close after the cuts have already come into effect, is a sham. Because of the Government's rushed changes to the feed-in tariff, which go too far, too fast, thousands of jobs are at risk. Last night, 4,500 staff at Carillion were warned that their jobs could go, but this morning the Secretary of State told the "Today" programme that he did not recognise that estimate, and that the cuts and job losses that he will cause were just a "sensible course correction". Does the Minister believe that causing unemployment on that scale is a price worth paying?

Gregory Barker: It is so interesting how the right hon. Lady comes to the House with such inconsistent messages. One moment she wants to protect the consumer, the next she wants to push high costs on to consumer bills without a thought for the fuel-poor. The fact is that we are doing our best to contain a bubble caused by the ineffective scheme that her Government set up. We will put the industry back on a sustainable footing and do the right thing by the consumers whom she has conveniently forgotten.

Caroline Flint: Sorry excuses for a disastrous policy. I think it is 60p on an annual bill—in fact, in answer to a parliamentary question last week we were told that it was only 21p on the annual bill from 2010 to 2011. The fact is that the Minister's cuts will hit families trying to protect themselves from soaring energy bills, put thousands of jobs and businesses in jeopardy and give the lie to the Government's promise to be the greenest Government ever.

Last week, we read reports in the press about a meeting in the Minister's Department between officials and the solar industry, in which officials said that the cuts to feed-in tariffs were part of a deliberate policy to kill off the solar industry. Will he come clean today and say that that is not his policy? If not, even at the eleventh hour and despite the damage that has been done, will he change course to enable solar to be put on a real sustainable footing for the future?

Gregory Barker: I think this ridiculous scaremongering is quite disgraceful. The right hon. Lady wants to talk up the problem and talk down the industry, and this pathetic attempt to smear my officials is frankly repugnant. It is her scheme that we are trying to fix—it was put in place by the last Labour Government. We will fix it and put the industry on a sustainable footing, but we should not take any lessons on budgetary control from the party that left us with a catastrophic deficit and drove this country to the brink of ruin. Shame on you!

Renewable Heat Incentive

8. **Dr Daniel Poulter** (Central Suffolk and North Ipswich) (Con): What assessment he has made of the potential benefits of the renewable heat incentive for rural and remote households. [83969]

Mr Speaker: I call the Minister, if he has recovered his composure.

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The renewable heat premium payment, the initial heat support scheme launched on 1 August, is targeted at off-gas-grid homes, particularly those in rural and remote areas. It is too early to make an accurate assessment of the benefits, but we intend to evaluate them fully next year to feed into developing future support for renewable heat.

Dr Poulter: The Minister will be aware that 8% of UK households rely on oil for their central heating, many of which are in rural and remote communities, and that many people who use oil central heating are the frail elderly and people on fixed incomes. When he consults on the feed-in tariffs, will he look into the advantages of biofuels as a means of both driving down carbon emissions and supporting lower energy bills in rural communities?

Gregory Barker: My hon. Friend makes some excellent points. Sustainably sourced biofuels for electricity, including bioliquids, are already supported under the renewables obligation, but they are not currently supported by the feed-in tariffs. We will launch phase 2 of the feed-in tariff comprehensive review, which will consider their potential expansion to new technologies such as bioliquids. I certainly take his points on board.

Dr Alan Whitehead (Southampton, Test) (Lab): Does the Minister consider that the renewable heat incentive makes sufficient provision for the encouragement of domestic and small-scale combined heat and power boilers, which are particularly appropriate to off-grid households but may not be fully covered by the provisions of the RHI because they are not necessarily supplied by fully biogas-based sources? Is he willing to investigate that and consider whether the RHI could support such devices to a better extent?

Gregory Barker: I am very willing to do so indeed. The RHI has not been launched in full for domestic appliances—we are currently trialling it with the RHPP—but I am keen to support micro-CHP in the way that the hon. Gentleman suggests. He is an expert on this area and I would be happy to work with him to see what further support we need to drive forward this exciting technology.

Durban Climate Change Conference

9. **Catherine McKinnell** (Newcastle upon Tyne North) (Lab): What steps he is taking to secure agreement on climate finance in advance of the Durban climate change conference. [83970]

The Secretary of State for Energy and Climate Change (Chris Huhne): There are three main elements. On fast-start finance to developing countries, I am proud to say that the Government are on track to deliver our £1.5 billion pledge. We want other donors to do the same. On long-term sources of climate finance, we are at the forefront of pushing for new sources of public and private finance and we want others to join us there too. Lastly, we will push for the green climate fund to be operationalised in Durban as part of a balanced outcome to the negotiations.

Catherine McKinnell: I thank the Secretary of State for that answer, but recent press reports suggest that countries might not be able to reach an agreement at Durban even on the green climate fund, which had been the only realistic expected outcome prior to the summit. What steps are the UK Government taking to ensure that countries reach an agreement on the structure, operation and finance of the fund?

Chris Huhne: My officials are working diligently on that. We want as many outcomes at Durban to operationalise the agreements at Cancun as we can get. I do not agree with the hon. Lady that that is the only potential outcome. One of the most important things we can hope to get out of Durban if the talks go well is a commitment from all parties to ensure that we have an overarching legal framework. We can negotiate that and we could also respect the science by ensuring that we peak global emissions by 2020.

Ann McKechin (Glasgow North) (Lab): I am sure the Secretary of State will agree that financing for climate change measures is absolutely vital and that we have a very short period of time if we are not to feel the adverse affects of climate change. Does he agree with many groups, including the World Bank, the International Monetary Fund and the shipping industry, that a global tax on shipping is one way in which we could achieve a fair and sustainable way of financing climate change measures?

Chris Huhne: I certainly believe that a levy—a bunker fuels duty or whatever—is one potential way of raising the finance necessary. That was a recommendation in the report of the advisory group on finance, which was set up by the UN Secretary-General and in which I was honoured to participate. That is one of the most likely ways forward in breaking the back of that particular problem.

Green Deal

11. **Shabana Mahmood** (Birmingham, Ladywood) (Lab): What progress he has made in establishing the green deal. [83972]

15. **Gordon Banks** (Ochil and South Perthshire) (Lab): What progress he has made in introducing the green deal; and if he will make a statement. [83976]

The Secretary of State for Energy and Climate Change (Chris Huhne): The green deal is a coalition agreement and a priority for this Government. We established the legal underpinning for green deal through the Energy Act 2011 and recently launched our consultation on secondary legislation, which will guide the detailed operation of the scheme. I am encouraged by the support we have had in developing this policy and the interest shown by a broad range of organisations in playing a role.

Shabana Mahmood: The green deal consultation sets out the Government's plan to give three times as much subsidy to able-to-pay households than to fuel-poor households that take up the green deal. Why are Ministers giving three times more help to home owners who can afford to pay for improvements than to people living in fuel poverty?

Chris Huhne: The hon. Lady should be aware that the eco-subsidy is replacing two elements that we inherited from the previous Government: the Warm Front scheme, which was aimed at helping those in fuel poverty, and the carbon emissions reduction target and community energy saving programme schemes, which were aimed generally at householders. The proportions are broadly similar, so I do not accept that this is a departure in policy in terms of prioritisation. She will be aware that the warm home discount is aimed at those in fuel poverty—it will give two thirds more support to those in fuel poverty and will be targeted on the 600,000 most needy pensioners. That is a statutory scheme, which compares with the voluntary one under the previous Labour Government.

Gordon Banks: In answer to earlier questions, Ministers said that the green deal is with us and working here and now, but it is not. The Government are scrapping Warm Front and delays with the green deal mean that they will be the first Government since the 1970s who have not had a fuel efficiency programme. At the same time, they are downgrading the number of jobs that will be created by the green deal by 35,000. The question is simple: why?

Chris Huhne: The eco-consultation and that jobs estimate obviously came out before the Chancellor's announcement in the autumn statement of £200 million of incentives for the uptake of the green deal. Those introductory incentives have been warmly welcomed across the industry and will ensure that we have substantial uptake of the green deal. On the point about funding, the whole model of providing energy efficiency changes with the green deal. That was supported across the House, including by the last Labour Government. It will, I believe, unlock substantially more money that was ever available from publicly funded, Exchequer-funded sources.

Mr Speaker: Order. I hope that the Secretary of State will not overuse his renewables.

Guy Opperman (Hexham) (Con): The Green Alliance has conducted three constituency pilot workshops in my constituency of Hexham, in Bristol North West and in Redcar today. Will the Minister meet the Green Alliance and me before Christmas to discuss the outcomes for the green deal that we studied for some considerable time only last month?

Chris Huhne: It is a very interesting idea and one that certainly merits further consideration. I am delighted to say that the Minister of State, Department of Energy and Climate Change, my hon. Friend the hon. Member for Bexhill and Battle (Gregory Barker), will be very happy to meet my hon. Friend to take that matter further.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): We have heard a lot about interest rates this week. Affordable interest rates for green deal finance will be crucial if consumers are to take up the green deal at the scale and level the Government anticipate. A report by E3G says that relying on commercial loans could mean interest rates as high as 8%, 9% or even 10%. Polling has found that only 7% of the British public and homeowners would be interested in taking up the green deal if interest rates were as high as that. Given that, what specifically are the Government doing to get green deal interest rates down?

Chris Huhne: We are working closely with a group of interested parties to provide a finance aggregator for the green deal, which is exciting and will bring forward finance that is substantially cheaper than that estimated by E3G. We will announce the details of the scheme when we have them.

Luciana Berger: I thank the Secretary of State for that answer. The aggregator to which he refers is the Green Deal Finance Company, which is working very hard to try to lower interest rates. It estimates that it will need hundreds of millions of pounds from the Green investment bank properly to fund the initial capitalisation of green deal loans and to act as the catalyst that the green deal market needs. Without such funding, interest rates will be higher than 10% and the green deal will, therefore, surely fail. A moment ago, the Secretary of State said that he envisaged that the Green investment bank would provide some support for the green deal and that it could play a very important role. Will he tell us definitively today whether the Green Deal Finance Company will receive that scale of funding from the Green investment bank?

Chris Huhne: Obviously, it is up to the Green investment bank board to make its decisions, but it is clear that it is interested in helping energy efficiency and ensuring that green deal finance gets off to a good start. Let me make it clear how this particular market is structured. Green deal receivables—please excuse me, Mr Speaker, for reverting to financial market jargon—are very similar to utility receivables. As soon as the market is established and we secure a couple of deals, the Green investment bank's support will become important. The market will then be happy to finance this on terms similar to utility receivables. If it does that, we will be looking at substantially lower interest rates than the ones the hon. Lady has been citing.

Energy Infrastructure

12. **Chris Williamson** (Derby North) (Lab): What discussions he has had with the Chancellor of the Exchequer on the implications of the autumn statement for investment in energy infrastructure and onshore wind farms. [83973]

The Secretary of State for Energy and Climate Change (Chris Huhne): I have been fully engaged with the development of the infrastructure theme of the growth review, embodied in the accompanying national infrastructure plan 2011 and announced in the Chancellor's autumn statement. I welcome the inclusion of measures relating to energy infrastructure, including onshore wind. These will help to deliver our ambition for a secure, low carbon and affordable energy system.

Chris Williamson: This was supposed to be the greenest Government ever. The Secretary of State has already undermined solar energy and torpedoed carbon capture and storage. His attempts on the "Today" programme to distance himself from the Chancellor's autumn statement cannot conceal the fact that his green credentials lie in tatters. Can he explain to the House why he has been so singularly unsuccessful in securing the investment that we so desperately need for a low carbon economy?

Chris Huhne: I think we must have been living in different worlds. The Government's achievements on the green agenda since the election include electricity market reform, the green deal in the Energy Act 2011 and the pioneering renewable heat incentive. Furthermore, we have brought forward the subsidy review for renewables, which was widely welcomed by the sector, and secured £1 billion for the carbon capture and storage programme. Indeed, yesterday I visited a CCS pilot partially funded by Government money. I think that the hon. Gentleman is overlooking many achievements on the green agenda that do indeed mean that we are on course to be the greenest Government ever.

Mr Mike Weir (Angus) (SNP): In interviews at the time of the autumn statement, the Chief Secretary to the Treasury announced casually that the money for the CCS project was being reallocated and would not be required until well into the next Parliament. Given that the Secretary of State has already pulled the rug from under Longannet, is this not clear evidence that he has abandoned any hope of developing CCS as a potential export industry?

Chris Huhne: Absolutely not. By the way, the hon. Gentleman did not quote the Chief Secretary precisely. The Chief Secretary pointed out that money was absolutely available for a CCS project. Indeed, all the negotiators involved in the Longannet project recognised that although the money was not enough to make Longannet work, it would be enough to make a CCS project work elsewhere. The reality is that there will be some slippage. The profiling of that £1 billion in the comprehensive spending review was heavily weighted towards the last year of the CSR, and if there is slippage it is bound to be in the next CSR. However, we will make profiling decisions on expenditure for CCS when the projects come forward following the competition next year, and I can assure the hon. Gentleman that the money is available to fund them.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): The Secretary of State has just reiterated his claim last month that the £1 billion for CCS is safe. If so, will projects, including at Peterhead and elsewhere, aiming to be up and running before the end of this Parliament still have access to that £1 billion? If so, how does that square with the comments from his Cabinet colleague, the Chief Secretary to the Treasury?

Chris Huhne: The 2016 date is the end date for the competition run by the EU Commission. We hope to be able to support those projects in the UK that the Commission decides it is sensible to support, but there will be other projects too. The £1 billion is not necessarily available to fund the up-front capital costs entirely. If we can get private money into a scheme—such as the one I saw yesterday at Ferrybridge, where we invested £6 million despite the total cost being about £250 million—that is the right way to go. The Government are about using public money as effectively as possible to bring in private sector money as well.

Shale Gas

13. **Glyn Davies** (Montgomeryshire) (Con): What recent assessment he has made of the prospects for shale gas in the UK. [83974]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): Exploration for shale gas in the UK has only recently started, and it will be some years before the prospects for production in our geological, regulatory and economic conditions, and the economic prospects for the industry, can be fully assessed. However, a British Geological Survey study last year estimated that UK shales might yield some 150 billion cubic metres of gas—equivalent to roughly two years' demand. Work is in hand to update these geological estimates in the light of more recent information, including Cuadrilla's estimate of gas in place under its licences in Lancashire.

Glyn Davies: Media reports in the US state that shale gas discoveries have reinvigorated US oil and gas production. There have been substantial discoveries of shale gas in the UK, as the Minister mentioned, so does he agree that the UK could learn lessons from the US experience with a view to developing shale gas in the UK?

Charles Hendry: My hon. Friend is right to point to the lessons from the United States. Shale gas has transformed the energy outlook there and potentially turned the US from a gas importer to a gas exporter. There might be lessons to learn, but there are very different rules here on land ownership that will make things much more complicated. We are a much more densely populated area, and other countries such as Poland and elsewhere are clearly attracting interest in this connection, but we will explore the matter. There are no barriers to doing so but nevertheless we recognise the limitations.

Green Economy

14. **Mr Iain Wright** (Hartlepool) (Lab): What recent discussions he has had on investment in jobs and skills in the green economy. [83975]

The Secretary of State for Energy and Climate Change (Chris Huhne): I have had many recent discussions with the Chancellor and others on jobs and skills in the green economy. Green growth has been considered across all strands of the growth review, and I welcome recent announcements in this area, including on the green deal, which could support at least 65,000 insulation and construction jobs by 2015.

Mr Wright: I previously asked the Minister of State, the hon. Member for Bexhill and Battle (Gregory Barker). the same question, but he made such a mess of it that I am pleased that the Secretary of State is having a go. Why in the past year has Britain slipped from third in the world to 13th for investment in green technology?

Chris Huhne: Clearly the hon. Gentleman understands that investment in these terms is often a lagging indicator, and the last Government were sadly remiss in coming forward with adequate incentives—for renewables investment, for example. I am delighted to say that we have brought forward the renewables review and provided the certainty that the industry required, and I am sure that our position will improve in future rankings.

Joan Ruddock (Lewisham, Deptford) (Lab): But how does the Secretary of State square the changes to feed-in tariffs with promoting a green economy? In just one small scheme by the Peabody housing association in my constituency, the four jobs at the association are at risk, the eight apprenticeships are at risk and the 100 jobs at Breyer, which is installing the scheme, are also at risk. The Secretary of State is killing the solar industry and he must know it.

Chris Huhne: That is absolutely not the case. The right hon. Lady knows very well the importance of sustainability, because—if I may pay tribute to her—she has a long track record in this House of standing up for sustainability. However, sustainability does not apply merely to environmental matters; it applies also to budgets and the growth of industry, and we are putting the solar industry on a sustainable basis for growth.

Energy Credit

17. **Craig Whittaker** (Calder Valley) (Con): What recent discussions he has had with energy suppliers on the provision of credit for energy supply to new businesses; and what assessment he has made of the effect on growth of the level of deposit currently required. [83979]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): The level of security deposits is a matter of negotiation between individual businesses and energy suppliers. If the terms of an energy supply contract are felt to be unreasonable, businesses should seek to obtain a supply from an alternative provider or seek independent advice from Consumer Direct.

Craig Whittaker: I thank the Minister for that reply, but requests from energy companies for large deposits up front is an increasing issue for new businesses in Calder Valley, as well as those being taken over by new owners. Will he reassure Calder Valley business people that the heavy-armed tactics that energy companies are using will be looked at and pressure brought to bear?

Charles Hendry: My hon. Friend raises an important issue, and I am grateful to him for raising it with me previously in a meeting. I understand the concerns facing businesses in Calder Valley and elsewhere. There are issues that Ofgem should be looking into, and I am happy to write and draw its attention to them. Indeed, Ofgem has recently said that it is doing more to try to ensure that businesses get a fair deal in this regard.

Topical Questions

T1. [83983] **Barry Gardiner** (Brent North) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Energy and Climate Change (Chris Huhne): Since my Department's last question time, I have published the annual energy statement and the green deal consultation, announced a comprehensive review of feed-in tariffs, launched the renewable heat incentive and confirmed £200 million additional funding for the green deal. Today I am publishing the carbon plan and the Government's response to both Dr Mike Weightman's final report and the consultation on the long-term management of the UK's plutonium stock. Next week the Minister of State, my hon. Friend the Member for Bexhill and Battle (Gregory Barker), and I will attend the 17th conference of the parties to the UN framework convention on climate change in Durban.

Barry Gardiner: The Department says, "It's the Treasury," the Treasury says, "It's the Office for National Statistics," and the ONS says, "It's not us." So will the Secretary of State please publish the definitive advice on why the climate change levy fund for feed-in tariffs for solar has to be counted on the Government balance sheet? Is he aware that the European courts have recently ruled that a similar scheme in Germany need not do so?

Chris Huhne: One of the key issues is not whether something is on the Government's balance sheet, but the effect on consumer bills. The hon. Gentleman cannot, sadly, wave away the question of whether this measure will add at least £26 to consumer bills in 2020, and possibly as much as £80. I will happily take this issue away and look into exactly which Department is meant to come forward, but I return to the point that what he needs to take into account is not whether something is on the balance sheet but what consumer costs are. *[Interruption.]* The right hon. Member for Don Valley (Caroline Flint) is muttering at me from a sedentary position, but she claimed recently that she cared about consumer costs, and I do not seem to see that now.

T2. [83984] **Mr Edward Timpson** (Crewe and Nantwich) (Con): Will the Minister join me in congratulating Bentley Motors in my constituency on becoming the first plant in the UK car industry to achieve the new global energy management standard, snappily entitled the ISO 50001? What are the Government doing to ensure that businesses such as Bentley can continue to meet their renewable energy targets by investing in alternative energy sources?

The Minister of State, Department of Energy and Climate Change (Charles Hendry): I was delighted to have a chance to visit Bentley recently with my hon. Friend to see the work it is doing. I pay tribute to Bentley and to Volkswagen, the parent company, for the investment that they have put in place. There are systems in the CRC—carbon reduction commitment—energy efficiency scheme that help to encourage companies to improve their energy efficiency. Companies can qualify for climate change agreements through which they receive discount on the climate change levy in return for meeting energy efficiency targets. Many measures are already in place, but I congratulate the company my hon. Friend mentions on what it has already achieved.

T3. [83985] **John Mann** (Bassetlaw) (Lab): China is doing it and Germany is doing it—reducing their reliance on Russian gas and Arab oil—so when will this useless coalition start standing up for the long-term British national economic interest?

Chris Huhne: I am grateful to the hon. Gentleman for eloquently making a point that I have made on many occasions. He will be pleased to see that the carbon plan contains a substantial discussion on exactly that issue. We are at a key turning point. Do we move forward to a position in 2050 where we will be reliant on imported energy for £9 out of £10 of our energy needs, or do we move forward to a position where we can be much more secure, much more energy independent and, indeed, make substantial improvements to our efforts on climate change?

T4. [83986] **Jane Ellison** (Battersea) (Con): I recently took part in a conference, organised by Wandsworth Friends of the Earth and a number of local churches, which was focused on climate change and energy saving. One of the speakers, an architect, illustrated the enormous savings she had been able to make in a Victorian-era house through careful use of insulation and other methods. Does the Secretary of State share the encouragement this gave me that the green deal has much to offer constituents living in older houses?

Chris Huhne: It certainly does. My hon. Friend makes a very sensible point. It is precisely that sort of home, built before the first world war, for which we are going for the first time to be able to offer a substantial holistic refit, precisely because of the support given to solid wall insulation.

T5. [83987] **Jonathan Ashworth** (Leicester South) (Lab): The Secretary of State will be aware that in the last few days the National Grid Company has said it would welcome greater independent auditing of its contracting arrangements with STOR—short-term operating reserve—aggregators. Given that the National Grid admits that it buys 500 phantom MW a year, which it presumably passes on to consumers, will the Secretary of State now insist on independent auditing of this relationship with STOR aggregators so that consumers get a fairer deal?

Charles Hendry: The hon. Gentleman raises an important issue. We have had discussions with the National Grid Company about this matter and we are glad that it recognises the scale of the problem. We will work with the National Grid to try to make sure that it is addressed.

T6. [83988] **Chris White** (Warwick and Leamington) (Con): In my constituency, there are plenty of small businesses, co-operatives and charities that wish to play their part in building a greener economy. Many are concerned about some of the changes to feed-in tariffs but are hopeful that other measures such as the green deal will enable them to grow. Will the Minister give an assurance that the Government will make it as easy as possible for small businesses to get involved in the delivery of the green deal?

The Minister of State, Department of Energy and Climate Change (Gregory Barker): I can give my hon. Friend an absolute assurance. In fact, he may like to join me on 12 December when I host a round table specifically for small and medium-sized enterprises to work out how they can become key delivery partners in the green deal, which will provide a huge opportunity for local partnerships in exactly the way my hon. Friend suggests.

Mr Speaker: I call Mr Denis MacShane. Not here.

Paul Flynn (Newport West) (Lab): Can the Secretary of State deny the outrageous claims that his own personal consumption of energy is about to be similar to that of a small town? Can he confirm for the House that he believes in leading the energy green crusade by example rather than just by exhortation?

Chris Huhne: I certainly can. I shall have to ask whether it is Huddersfield or Stoke-on-Trent whose energy I am meant to be consuming. I must admit I am not sighted on that issue, but if the hon. Gentleman would like to write to me, I will be happy to give him a full reply. I can assure him that I am not a small town and that my personal energy consumption is nothing like one!

John Pugh (Southport) (LD): May I return the Minister to the subject of shale gas? Given the figures that have been announced for gas in place in the Bowland field, is it not important for the Government to form an early view on what can be economically and safely extracted?

Charles Hendry: A great deal of work needs to be done to assess the role that shale gas can play. We are aware of the gas-in-place estimate, but it is very different from an estimate of the amount of gas that may be recoverable. Much more research is needed, but we are satisfied that if the extraction goes ahead, it can take place under the existing legislative requirements relating to safety and environmental protection.

T8. [83990] **John Robertson** (Glasgow North West) (Lab): An early-day motion tabled today, signed by me and the hon. Members for St Ives (Andrew George), for South Suffolk (Mr Yeo) and for Brighton, Pavilion (Caroline Lucas), calls on Ofgem to raise the level of debt for which pre-payment meter customers can switch suppliers from £200 to £350. According to the House of Commons Library, that would help more than 200,000 people immediately. Can we rely on the Secretary of State's support?

Chris Huhne: We are working on a number of issues to try to ensure that those with pre-payment meters are given the best possible deal—that they can switch easily, and can opt for credit rather than pre-payment meters when that will help them. And yes, the hon. Gentleman can be assured that we will continue to pursue that agenda as vigorously as possible.

John Glen (Salisbury) (Con): When considering the green deal and energy efficiency measures generally, does the Minister take into account the potential damage caused to property by condensation, which outweighs some of the advantages of some of those measures? Will he meet me and one of my constituents to discuss that growing problem, which compromises so much of what the Government are trying to achieve?

Gregory Barker: I should be happy to do so. It is true that older properties without damp courses, many of which were built before the first world war, are more difficult to treat, and much more research and development is needed to ensure that we do not unintentionally cause more problems than we solve.

T9. [83991] **Mark Lazarowicz** (Edinburgh North and Leith) (Lab/Co-op): I am glad to hear that the Secretary of State and the Minister are going to the climate change conference in Durban next week, but has the Secretary of State not left it too late? Is there not a danger that the conference will not produce the outcome that we want? What is the Secretary of State doing to ensure that we secure an international agreement, especially in the light of reports that have appeared over the past few days of a lack of progress in the negotiations?

Chris Huhne: The hon. Gentleman has a long-standing interest and expertise in this matter, and I am delighted to answer his question.

I could not have gone to Durban any earlier than Sunday, because that is the beginning of the ministerial segment, but the hon. Gentleman can be assured that I have been involved in talks with a number of other ministerial participants ahead of the conference, including Chinese, Colombian and South African Ministers. I believe that we have a real chance of making progress. Some of the gloomiest reporting tends to appear just before the talks begin in earnest, and I have not given up yet.

Mr Speaker: I am pleased to learn about the ministerial segment, of which I had not previously heard.

Mr Peter Bone (Wellingborough) (Con): I know that our splendid Liberal Democrat Secretary of State believes passionately in localism. Can he explain why, having been rejected, the proposed Nun Wood wind farm development, which covers three parliamentary constituencies and is opposed by the three Members of Parliament and the three local authorities concerned, has suddenly been granted approval on appeal? That cannot be localism at work.

Charles Hendry: My hon. Friend has made an important point. In future, as a result of one of the changes that we are making to the planning system, it will not be possible to overrule such decisions on appeal simply because the developments involved meet a regional renewable energy target. That target has been removed, and we are giving much more authority and many more decision-making powers to local bodies. Applications involving more than 50 MW will be submitted to the Infrastructure Planning Commission and then to Ministers for approval, but we are determined to strike the right balance between local and national interests.

Mr Speaker: I call Ian Murray. He is not here, so I call Ian Mearns.

Ian Mearns (Gateshead) (Lab): Will the Secretary of State agree to meet me and my hon. Friend the Member for Newcastle upon Tyne Central (Chi Onwurah) to discuss the announcement of redundancies by Carillion Energy Services, which employs people in both our constituencies, and the fact that he is putting thousands of real people's jobs at risk by slashing feed-in tariffs? The Minister accused my right hon. Friend the Member for Don Valley (Caroline Flint) of scaremongering earlier, but redundancy notices have been served to 4,500 employees.

Gregory Barker: The hon. Gentleman makes a legitimate point. Obviously, we are concerned about any job losses anywhere in the economy, and I will, of course, be very happy to meet him and his hon. Friend.

Julian Smith (Skipton and Ripon) (Con): As Leeds, Yorkshire is the second largest financial centre in the UK and a leader in green energy investment, does the ministerial team agree that it is the ideal location for the Green investment bank?

Chris Huhne: The ministerial team is acutely aware that it must represent all parts of the United Kingdom and that many places have a substantial and impressive claim to be the home of the Green investment bank. We await with interest the advice of the advisory board.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): I was very pleased to hear Ministers recognise the problems of people on prepayment arrangements for electricity. Will the Secretary of State say what specific action he will take to ensure that those who cannot switch to credit arrangements do not end up on higher tariffs than those who can afford to pay by direct debit?

Chris Huhne: We will continue to investigate this matter with the energy companies. Some people on prepayment meters used to pay higher tariffs than even the standard rate, but that is no longer the case and they now pay less. That is a substantial step forward, but it is not the end of the story. We will continue to work on this, as I am aware—as is the right hon. Member for Don Valley (Caroline Flint)—that it is a key area of vulnerability.

Gordon Henderson (Sittingbourne and Sheppey) (Con): The planned roll-out of smart meters across the UK will entail millions of homes being fitted with new devices. Will steps be taken to ensure that such devices are interoperable so that they do not act as a disincentive to consumers switching suppliers in order to get a better deal?

Charles Hendry: My hon. Friend makes a very important point. That is fundamental to our approach. Smart meters are designed to give consumers more control over the energy they use in their homes, and allowing people to switch and take advantage of different tariffs will be a fundamental part of their success.

Several hon. Members *rose—*

Mr Speaker: I would have called Mr Sammy Wilson if he were standing, but I won't because he isn't. Instead, I call Mr Nigel Dodds.

Mr Nigel Dodds (Belfast North) (DUP): I am very grateful for the advantage given to me by my colleague. What action has been taken to deal with Northern Ireland's especially high dependence on home heating oil, given that a number of the current initiatives to tackle fuel poverty do not apply to Northern Ireland?

Charles Hendry: The right hon. Gentleman raises an issue that is of even greater importance in Northern Ireland than anywhere else in the country. I recently met Bord Gáis to talk about some of its plans for extending the gas grid in Northern Ireland. I welcome those investments, and in addition the Office of Fair Trading has taken measures to ensure that the market operates fairly and properly in the interests of consumers. The OFT has committed to continuing to investigate any examples of market abuse.

Mr Tobias Ellwood (Bournemouth East) (Con): Does the Secretary of State share my pleasure in the fact that the Daylight Savings Bill will finally reach its Committee stage next week, and does he agree that it makes sense for us to align our lives more with daylight hours? That will support tourism, help business and reduce carbon emissions.

Chris Huhne: I am certainly interested to see the Bill's progress, and I look forward to the full consultations with all interested parties, including the devolved Administrations, which might allow us to come to a satisfactory conclusion.

Mr David Hanson (Delyn) (Lab): Will the Government, along with Ofgem, urgently look again at standing charges? In my constituency, Scottish Power has recently raised the daily standing charge from 15p to 31p, thus at a stroke adding £50 to my constituents' bills.

Charles Hendry: I urge the right hon. Gentleman to consider the announcements Ofgem has made today, dramatically simplifying the range of tariffs. Ofgem states that there must be a standard tariff that every company must apply in a similar way, and also that the variable tariffs must meet certain conditions. This is all part of trying to ensure that charging is much more straightforward and clearer for consumers, so they can see whether they are getting a good deal and switch if necessary.

Several hon. Members *rose—*

Mr Speaker: The only hon. Member standing who has not had a go is Chi Onwurah.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): Thank you, Mr Speaker. As my hon. Friend the Member for Gateshead (Ian Mearns) said, many of our constituents face unemployment as a direct consequence of the inept and unfair way this Government have introduced the changes to the feed-in tariffs. What are the Government doing to give them security in their jobs and to give some certainty to the industry?

Chris Huhne: None of us wants to see anybody facing uncertainty about their employment prospects. The reality is that we must ensure a sustainable future for the solar industry that is based on a budget that will last rather than one that runs out so quickly that the industry comes to a grinding halt. The key thing for us is to ensure that we are on-track to deliver our goals for the low-carbon economy, including all the employment opportunities, and we will do that.

Business of the House

11.34 am

Angela Smith (Penistone and Stocksbridge) (Lab): Will the Leader of the House give us the future business?

The Leader of the House of Commons (Sir George Young): The business for the week commencing 5 December is as follows:

MONDAY 5 DECEMBER—Motion relating to ministerial statements, followed by motion relating to UK extradition arrangements.

The subjects for these debates were nominated by the Backbench Business Committee.

TUESDAY 6 DECEMBER—General debate on the economy.

WEDNESDAY 7 DECEMBER—Motion relating to the appointment of the chairman of the National Audit Office, followed by motion relating to the membership of the Speaker's Committee on the Independent Parliamentary Standards Authority, followed by motion to approve a European document relating to European sales law. In addition, the Chairman of Ways and Means has named the London Local Authorities Bill as opposed private business for consideration.

THURSDAY 8 DECEMBER—Opposition day [un-allotted day] [half-day]. There will be a debate on a Scottish National party-Plaid Cymru motion, subject to be announced, followed by a money resolution relating to the Local Government Ombudsman (Amendment) Bill.

The provisional business for the week commencing 12 December will include:

MONDAY 12 DECEMBER—General debate on immigration.

TUESDAY 13 DECEMBER—Motion to approve the appointment of the chairman of the Statistics Board, followed by motion to approve a statutory instrument relating to financial restrictions (Iran), followed by Opposition day [un-allotted day] [half-day]. There will be a debate on a Democratic Unionist party motion, subject to be announced.

WEDNESDAY 14 DECEMBER—Opposition day [un-allotted day]. There will be a debate on an Opposition motion, subject to be announced.

THURSDAY 15 DECEMBER—Business to be nominated by the Backbench Business Committee.

I should also like to inform the House that the business in Westminster Hall for 8 December will be a debate on the EU Council.

Angela Smith: May I start by placing on the record an apology from my hon. Friend the shadow Leader of the House, who is attending an engagement in her constituency today and is therefore unable to be with us? In fact, she is welcoming the Queen officially to open a new development. I suggested that she might also want to use the opportunity to ask Her Majesty to look in her diary to check when her Gracious Speech is likely to take place, so we can finally clear the matter up—unless, of course, the Leader of the House would like to tell us first this morning?

Will the Leader of the House tell us when the Government will bring to the House business of any substance? For some time now, we have seen a distinct absence of Government-sponsored business and the schedule just announced, which takes us to almost the very end of the session, is no different. Perhaps the Government are responding to the dark days of winter and the even darker days of the economic crisis they have helped to create by going into hibernation. After just 18 months in government, they have run out of ideas while their economic policy has run into the sand. At a time when millions of families are desperately worried about what the future holds, the Government are showing how desperately out of touch they are by offering no new legislation and not a single debate of any substance.

Mr Speaker, on Monday you heard a point of order from the shadow Leader of the House that raised concerns about the Government's deliberate and selective leaking of the autumn statement to the media and you responded by expressing your grave concern about those matters. Since then, of course, we have enjoyed the rather dubious pleasure of listening to the Chancellor deliver his statement on the Floor of the House and, indeed, it was an illuminating experience, if only in the sense that it revealed the very few details of the statement that had not already been leaked to the media. How important those small details are, however. We learned, for instance, that the Government are unable to meet the deficit reduction target that they set themselves only 18 months ago and that growth forecasts have been slashed to 0.9% this year, down from the 1.7% forecast in March, and 0.7% next year, down from 2.5%, the fourth downgrade since this Government came to power. We also learned that the Government's squeeze on living standards will be not only severe but prolonged. It will be extended to six years or longer—a situation not seen in the UK since the last war.

Despite all the spin in advance of Tuesday, the very measures that the Chancellor chose to highlight in his leaks have unravelled under close scrutiny. Borrowing is set to spiral by £158 billion, despite promises to balance the deficit by 2015. Unemployment is expected to continue to rise for the next two years and £1.3 billion a year will be snatched from children and families after cuts to the child tax credit and the freezing of the working tax credit. Meanwhile, the bankers will contribute just £300 million. After 18 months, the verdict is in—plan A has failed colossally. So may we have a debate on the Chancellor's autumn statement? It is time for the Government to adopt Labour's five-point plan and put jobs and growth first.

When listening to the Chancellor's statement, the House could have been forgiven for thinking that we were back in the 1980s—back to the future. Now we have the "back to the future jobs fund". With more than 1 million young people unemployed, the Government's U-turn on tackling youth unemployment is welcome, but the devil is always in the detail. May we have a debate on the measures that have been announced for tackling youth unemployment and how far they will go toward repairing the damage inflicted by the Government's decision to abolish the future jobs fund in the first place? Such a debate would provide the Government with a good opportunity to apologise for their hastiness in cancelling a successful initiative.

The Government should also apologise for their reckless approach to economic management and, more crucially, they should stop blaming everyone and everything else when things do not go according to plan A. Last week,

we heard that they were not to blame for their planned reduction in the feed-in tariff for solar-generated power and the damage that threatens to inflict on the solar industry. We were also told that the reduction was not a betrayal of their promise to be the greenest Government ever. This week, we have also heard that it is not their fault that there is no guarantee that the £1 billion for carbon capture projects will be forthcoming in the near future. However, we then learned in *The Independent* that the autumn statement would announce a review of legislation relating to the protection of precious wildlife habitats in the planning process because they are deemed to be a potential barrier to economic growth. May we have a debate about the role of green policy in promoting economic growth, given that the Conservative party said, "Vote blue, get green", whereas the reality is that we are not getting very much at all? It will take more than a few huskies and a vanity photographer to restore the Prime Minister's green credentials.

Not only do the Government refuse to respect the usual courtesies of the House but they refuse to respect the promises they made to the electorate or to take responsibility for their actions when things go wrong. They are out of touch and they are hiding from the electorate and from Members of the House.

Sir George Young: May I welcome the hon. Lady to her debut at business questions? Of course we understand the absence of the shadow Leader of the House, who is in her constituency.

On the date of Prorogation and the Queen's Speech, I repeat what I have said in previous questions—we will announce those in due course. We have a legislative programme going through both Houses, and when that programme has made good progress we will be able to announce the dates of Prorogation and the Queen's Speech.

The hon. Lady somewhat devalued the debates between now and Christmas that I have just announced, including an Opposition day, which she thinks is of no consequence at all. There is an important debate on the economy on Tuesday and some important debates will be chosen by the Backbench Business Committee. I am sure that she did not mean to insult the subjects chosen by that Committee by implying that they are not of any importance to the House.

On the ministerial code, I look forward to the debate on Monday; the Backbench Business Committee has brought forward a motion on the subject. I repeat that we are committed to what is in the ministerial code: important announcements should be made to Parliament in the first instance.

When we set the target that the hon. Lady mentioned, we gave ourselves an extra year's headroom, and we have now used that up, so we are still on track to meet the original target. The strategy on which we have embarked, which she criticised, has been endorsed by the International Monetary Fund, the OECD, the Bank of England and all credible commentators. It is the Labour party alone that wants to embark on a reckless series of policies that would put at risk the low interest rates that the country now enjoys.

I hope that the hon. Lady welcomes the announcement made a few days ago on the youth contract. The future jobs fund was an expensive use of resources, and many of the jobs were short-term posts in the public sector; those in them ended up back on the dole. Our Work programme is a much more targeted and efficient alternative.

On the issues that the hon. Lady raised about climate change, we have just had Department of Energy and Climate Change questions, in which there was an opportunity to press the Secretary of State on our commitment to our environmental targets, which I am sure that he reasserted.

I think that I have answered all the questions that the hon. Lady put to me. Her last point was to ask whether we would stop blaming other people for the problems that confront us. The Office for Budget Responsibility could not have been clearer about the reasons for the difficulties that confront the country. The first is issues in the eurozone, the second is the increase in commodity prices, and the third is the deep recession that we inherited from the Labour party.

Mr Peter Bone (Wellingborough) (Con): On Wednesday, more than a third of questions were Opposition Whips' questions with exactly the same wording. That blocks Members who really want to ask questions from getting their question on the Order Paper. I know that that is not something that the Government do. Will the Leader of the House issue a statement next week condemning the practice?

Sir George Young: I think that I am right in saying that my hon. Friend raised that issue with you, Mr Speaker, at the end of the question session. As my hon. Friend implies, it is way beyond my remit to comment on the issue, but I would say that there is no evidence at all of him ever having asked a question given to him by our Whips.

Natascha Engel (North East Derbyshire) (Lab): To help the Leader of the House fill the time before the end of the Session, the Backbench Business Committee will conduct a review of its work. To do that, we are sending out a feedback form asking Back Benchers about their experiences and ideas for the future of the Committee, so that we can put forward proposals for its future in the new Session. What can he do to help the Committee promote the survey and encourage Back Benchers to fill it in and return it before Christmas?

Sir George Young: I applaud the work that the hon. Lady and the Backbench Business Committee do, and I welcome her public service announcement about the survey. I would indeed encourage colleagues to complete and return the survey; that will, in due course, inform the review of the Backbench Business Committee that the House has committed to undertake at the end of the Committee's first year.

Mark Pritchard (The Wrekin) (Con): May we have an urgent debate on Burma? I am sure that we all welcome the recent release of political prisoners, but there are still more than 1,000 being held without charge or trial. If the Burmese regime is serious about being taken into the international family and community, it needs to let those people go.

Sir George Young: I am grateful to my hon. Friend for that. Like him, I welcome the signs of relaxation of some of the extreme measures undertaken by that regime. I cannot promise a debate, but I understand that the

[Sir George Young]

Backbench Business Committee has indicated that, on the last day before the Christmas recess, we will have a series of Adjournment debates. He might like to apply for one of those.

Mr Ben Bradshaw (Exeter) (Lab): That was one of the most extraordinary Government business statements that I have ever heard—extraordinary for its complete absence of Government business. Is the Leader of the House not the slightest little bit embarrassed to be scrabbling around, trying to find things for us to do, when the Government face the gravest crisis since the 1930s? If I may make one suggestion, how about a debate on the Government's plan for regional pay rates in the public sector, which will be absolutely devastating in south-west England, where we have very low pay in the private sector and, already, the biggest gap in house-price affordability?

Sir George Young: On the first point, we are anxious to avoid the fiasco that took place in the last Parliament; towards the end of a Session, Bills would be rushed through the House with inadequate consideration. As a result of the way in which we have planned this Session, the House has had ample time to discuss legislation. The right hon. Gentleman will know that we have two Houses of Parliament. Bills have to go through both Houses, and they have to complete the process before the House can be prorogued.

The legislative programme means that Bills, having gone through the House of Commons, are now in another place, where they are being considered. I am surprised that the right hon. Gentleman is asking for yet more legislation when, quite often, I receive complaints from Opposition spokespeople that we legislate too much and do not give the House adequate time. As for regional pay rates, he will have heard what my right hon. Friend the Chancellor said in the autumn statement: he has asked a commission to look at this and report back.

Bob Russell (Colchester) (LD): May we have a road safety debate, so that Transport Ministers can explain to the House and to the country why they are pursuing policies that will result in more crashes, injuries and deaths, which would be the inevitable consequence of raising the speed limit to 80 mph, using the hard shoulder for moving traffic, and reducing the frequency of vehicle checks? Last night, St John Ambulance held its inaugural national awards. May I suggest that such a debate would provide an opportunity to discuss its campaign to introduce first aid training in schools, which would help to save lives, not increase deaths?

Sir George Young: I understand where my hon. Friend is coming from. The Government are consulting on raising the maximum speed limit and reducing the speed limit elsewhere. A final decision has not been taken on that proposition, and I shall ensure that his views are fed into the consultative process.

Sammy Wilson (East Antrim) (DUP): I appreciate the efforts that you made, Mr Speaker, to allow me to ask a question earlier. I hope that the leader of my party, my right hon. Friend the Member for Belfast North (Mr Dodds), duly noted the way in which I stood aside for him, and rewards me accordingly.

In a breathtaking display of bigotry this week, the Sinn Fein Lord Mayor of Belfast refused to give a Duke of Edinburgh award to a young Army cadet. That typifies the intransigence that we see from Sinn Fein: Sinn Fein Members ignore the electorate by refusing to take their seats in the House, yet they get hundreds of thousands of pounds supposedly to carry out parliamentary businesses. Will the Leader of the House arrange for a debate and a vote so that the issue of the abuse of public funds can be dealt with?

Sir George Young: I agree with what the hon. Gentleman has just said. He will know that that issue was raised yesterday in Northern Ireland questions, and he may have heard what my right hon. Friend the Secretary of State said. I understand the disappointment of the young person who did not receive the medal in the way in which they hoped, and I understand the very strong feelings that have been aroused. I remind him of what my right hon. Friend said when that point was made yesterday:

> "The right hon. Gentleman makes an interesting point. The armed forces are a wonderful example of people from right across the community working together."

He went on to draw on the example of the Royal Irish Regiment and the work that it has done in securing

> "representatives from right across Northern Ireland and the Republic".—[*Official Report*, 30 November 2011; Vol. 536, c. 925-926.]

I very much hope that we can move forward in a more consensual way than that particular gesture indicated.

Nicky Morgan (Loughborough) (Con): I know from personal experience and from my postbag in my Loughborough constituency that the lack of access to affordable child care is critical in preventing women from going back to work. May we have a general debate on child care policies?

Sir George Young: I would welcome such a debate, and on Tuesday it may be in order to discuss that. We have announced that we will invest an additional £300 million in child care support under universal credit, on top of the £2 billion in the current system. At the moment, that provision is available only if someone works more than 16 hours, but we are going to remove the minimum hours rule. I very much hope that my hon. Friend welcomes that announcement.

Keith Vaz (Leicester East) (Lab): May we have a debate next week about the harmful effects of violent video games? Last week, the university of Indiana published research that showed that regularly playing those games resulted in physical changes in the brain. At a time when parents are thinking of purchasing video games for Christmas, does the right hon. Gentleman not think that it is important to hold a debate on this matter? This is not about censorship—it is about protecting our children.

Sir George Young: I am grateful to the right hon. Gentleman, and I know that this is an issue that he has pursued with vigour for some time. I cannot promise a debate next week. Home Office questions, I think, will be held on 12 December, but in the meantime I will draw his concern to the attention of the Home Secretary.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): Following the welcome announcement of additional funds for the Highways Agency and the Department for Transport for road infrastructure projects, may we have a debate on the key projects that Members wish to raise? Personally, I do not always find the Highways Agency as responsive as it should be, and it would be good to put on the record some of the projects that we are passionate about in our constituencies.

Sir George Young: I am grateful to my hon. Friend, who reminds the House of the supply side measures that we have taken, bringing forward some important infrastructure projects to generate employment. He will know that a large number of schemes were announced by the Chancellor on Tuesday, including some infrastructure projects to support growth in the west midlands. I am sorry if that did not go quite as far as my hon. Friend would wish, but on Tuesday, in the debate on the economy, I am sure that he will have an opportunity to make his plea, which I hope will be heard by Ministers.

Ann Clwyd (Cynon Valley) (Lab): The Leader of the House may not have seen the Amnesty report on Saudi Arabia, which was published this morning. Amnesty says that

"hundreds of people have been arrested for demonstrating, while the government has drafted an anti-terror law that would effectively criminalize dissent as a 'terrorist crime' and further strip away rights from those accused of such offences."

The hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) will lead a delegation from Parliament to Saudi Arabia at the weekend. Does the Leader of the House agree—I have already spoken to the hon. Gentleman—that anyone who represents the House in Saudi Arabia should raise those issues, and it is important that they are raised face-to-face with our opposite numbers?

Sir George Young: I feel as if I am a postbox in the dialogue between the right hon. Lady and my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski). She will know that we had a debate on Monday—indeed, I think she took part—in which some of those issues were raised, although not the recent report by Amnesty International. I am sure that my hon. Friend heard her plea, has taken it on board, and will report back when he returns and let her know how he got on.

Andrew Jones (Harrogate and Knaresborough) (Con): May we have a debate about rail in the north? We have a huge requirement for rail investment in the north, especially Yorkshire, and we have had some encouraging news recently. It would be timely to hold a debate after the announcement of the TransPennine Express electrification in the autumn statement on Tuesday.

Sir George Young: I would welcome such a debate, and it may be relevant on Tuesday. I see from the Chancellor's announcement on Tuesday that there will be two new park-and-ride sites in York; and Leeds rail growth will be assisted by two new railway stations in Kirkstall Forge and Apperley Bridge, and a number of other schemes in the Yorkshire region. I very much hope that my hon. Friend accepts that this is a priority, and that we are making progress with infrastructure in the area that he represents.

David Wright (Telford) (Lab): May we have a debate specifically on the national infrastructure plan 2011? As a fellow Shropshire MP, I support the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) in calling for a debate about roads and road investment. Just after the last election, we saw the removal of the M54-M6 toll road link from capital infrastructure projects. I should like to debate that in the House, and I am sure that other Shropshire MPs would, too.

Sir George Young: This reminds me of when I was Secretary of State for Transport many years ago, and heard all these pleas for extra investment, which I take seriously. I remind the hon. Gentleman that when his party came to power it imposed a moratorium on many of the schemes with which I was planning to go ahead. None the less, he makes a serious point about that particular road, and I shall draw his concern to the attention of my right hon. Friend the Secretary of State for Transport.

Tony Baldry (Banbury) (Con): May we have a debate next week on today's written ministerial statement on the retention of the mobility component in residential care? It would give the House an opportunity both to thank the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Basingstoke (Maria Miller), for listening to hon. Members on both sides of the House and to organisations such as Leonard Cheshire Disability, and to welcome the fact that, today, the Government have announced that the mobility component of disability living allowance will not be removed from people living in residential care homes, as an amendment will be tabled to the Welfare Reform Bill on Report in the Lords. That is welcome news, and the House ought to note that it is an extremely good example of Ministers taking the care, time and trouble to listen and respond accordingly.

Sir George Young: I am grateful to my hon. Friend. In business questions about 12 months ago, that subject was frequently raised by Members on both sides of the House, who expressed concern about our proposals under the personal independence payment to remove the mobility component of DLA for people in residential accommodation. As he knows, we asked Lord Low to review our proposals. He reported a few weeks ago, and today, the Under-Secretary of State for Work and Pensions has announced that we will not go ahead with our original proposals, as my hon. Friend said. We will table an appropriate amendment to the Welfare Reform Bill in another place to retain that entitlement, which enables people to have the mobility that they very much welcome if they live in residential or nursing homes.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): You fortuitously called me, Mr Speaker, just in time to revive an old English custom: a pinch and a punch for the first day of the month. Of course, I would never pinch or punch the Leader of the House, but I might be tempted to do so with the Government unless during the slight time announced today we have a serious debate on the fact that university applications are already 15% down, which is a serious challenge to our university system. The punch is that we should do something more ambitious on youth unemployment than what came out of the autumn statement.

Sir George Young: I do not think that the position on university applications for next year is quite as grim as the hon. Gentleman outlines. There was a fall of 0.9% for places that had to be applied for by 15 October. The 15% drop to which he refers is in applications for which there is still time to apply. We have not reached the final date, so it is too soon to say that there will be a fall of 15%. The earlier figure to which I referred is much more encouraging. If one looks at the demography, one will see that fewer people in that age group are coming forward for higher education.

Claire Perry (Devizes) (Con): May we have a debate on women and the prison system? Mahatma Gandhi said that a society can be judged by how it treats its first, its last and its lost. It is my strong belief that women in the prison system and the 17,000 children a year who are separated from their mothers as a result of incarceration are among the lost. May we have a debate in Government time to review that important problem?

Sir George Young: I welcome my hon. Friend's interest in that important subject. I very much hope that our new approach to the penal system of payment by results will also benefit women in prison, that new contractors with an interest in finding long-term, secure employment and accommodation for those leaving prison will come forward, and that we will be able to improve our record so far and help those women rebuild their lives after leaving prison.

Mr Dave Watts (St Helens North) (Lab): May we have a debate on why the Government have decided to increase the funding for transport in London while slashing it across the rest of the country? Are they trying to buy some votes for Boris?

Sir George Young: Certainly not. Our policy on rail fares applies throughout the country. We have changed the formula from RPI plus 3 to RPI plus 1, which will benefit travellers in whichever part of the country they travel. As far as the capital programme is concerned, if the hon. Gentleman looks at the announcements my right hon. Friend the Chancellor made on Tuesday, he will see that every region in the country will benefit from infrastructure projects being brought forward.

Gavin Williamson (South Staffordshire) (Con): Just the other week I visited the Cheslyn Hay Boys Brigade, an organisation that has been running for 40 years as a result of the dedication and commitment of its volunteers. May we have a debate on how we can encourage more Boys Brigades to play an active role in supporting young people's involvement in civic society?

Sir George Young: I welcome the work of the Boys Brigade in my hon. Friend's constituency and agree that it has a role to play in achieving the objective he has just outlined. I cannot promise a debate in the near future, although he may be able with some ingenuity to squeeze the subject in on Tuesday, and there will be the normal pre-Christmas Adjournment debate on the Tuesday we rise, during which he may have an opportunity to develop his case with yet greater eloquence.

Paul Flynn (Newport West) (Lab): May we discuss whether giving to the few, rather than the many, and describing the principal sacrifice by more than 1 million people yesterday as "a damp squib" is likely to create a big society or a divided society?

Sir George Young: Yesterday's strike had less of an impact than some people had feared. Fewer job centres closed than in June and the number of schools that closed was lower than had been feared. While I am on my feet, I would like to pay tribute to those who work for the House for ensuring that it could operate yesterday and that in the Chamber we could have important statements and a debate on living standards.

If the hon. Gentleman looks at page 4 of the distribution analysis, he will see that the distribution is progressive and that those in the top 10% are paying 10 times more than those in the bottom 10%.

Karen Bradley (Staffordshire Moorlands) (Con): I know from my own experience and that of my constituents just how important health visitors are to new mums in the vital first few weeks of a baby's life, so will the Leader of the House find time for a debate on health visitors and other support given to new mums to help families through that difficult and daunting time?

Sir George Young: I am grateful to my hon. Friend. She will know that one of the commitments we made was to increase the number of health visitors, which we are doing by redeploying resources. With regard to social mobility and giving people a good start in life, health visitors and what we are doing with free nursery care and the pupil premium are all part of a process of enabling people from disadvantaged families to break through and achieve their full potential.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): Further to the question asked by my hon. Friend the Member for Huddersfield (Mr Sheerman), may we have a debate on university applications? Today, applications are down 15% on average, compared with this time last year, but in Middlesbrough they are down 40%. Does the Leader of the House agree with the chair of South Tees Conservative Future when he said that he "can see the benefits of lower applications"?

Sir George Young: I am in favour of more applications but, as I said to the hon. Member for Huddersfield, it is too soon to draw the conclusion that I think the hon. Gentleman is drawing—*[Interruption.]* It makes sense to wait until applications close before drawing conclusions on whether they are up or down on last year. As I said, where applications have closed the reduction is 0.9%, so I think that he is being unduly alarmist.

James Morris (Halesowen and Rowley Regis) (Con): May we have a debate on how the Government are working with local authorities to protect some of our most vulnerable children, especially in areas such as Sandwell, where the Labour-run council was recently judged by Ofsted to be failing in its provision to some of the most vulnerable children in the community?

Sir George Young: I very much hope that the local authority will respond to the Ofsted report and seek to improve its standards. I will draw my hon. Friend's concern to the attention of my right hon. Friend the Secretary of State for Education.

Mr Denis MacShane (Rotherham) (Lab): May we have a debate on anti-Semitism, because yesterday an hon. Member of this House said in front of a House Committee that Mr Matthew Gould, our distinguished ambassador to Israel, should not serve as such because he is Jewish? In such a debate we could make it absolutely clear that we do not have a religious bar in our diplomatic service and that we do not say that Jews cannot serve in Israel or that Catholics cannot serve in Catholic countries or the Holy See, so that we may eradicate anti-Semitism once and for all from public discourse in our country?

Sir George Young: I agree with the right hon. Gentleman and applaud the work that he did in the last Parliament on the subject. The Foreign and Commonwealth Office is an equal opportunity employer. It is inconceivable that it would apply any sort of prejudice of the type to which he refers in deciding who should be our ambassador in any part of the world.

Gavin Barwell (Croydon Central) (Con): Earlier this week one of my constituents was arrested after a video of her ranting at fellow passengers on a Croydon tram and using the most foul racist language spread on social media. It shows that the evil of racism is still with us, but it also shows, on a positive note, the power of social media, as it allowed her to be caught and showed that the vast majority of Croydon residents do not share her views. May we have a debate on how the evil of racism in our society can finally be eradicated?

Sir George Young: I agree with my hon. Friend. I should not comment on the particular incident, as I understand that charges have been made. It would be quite wrong if people could not travel on public transport because they were worried about being subjected to the sort of abuse to which he refers. I believe that the penalties we have to deal with hate crimes are serious and hope that they will be used if the offences justify them.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): The Government have stated their desire to rebalance the economy and make up for the thousands of public sector jobs that are being lost in regions such as mine, yet today we received the dreadful news that 4,500 jobs at Carillion—a big employer based in Newcastle and Gateshead—have been put at risk as a direct result of the Government's changes to the feed-in tariffs for photovoltaic panels. May we have an urgent debate on how their policies are impacting on private sector jobs in regions such as the north-east?

Sir George Young: I hope that the hon. Lady is able to intervene in the debate on Tuesday. I think I am right in saying that, right at the end of questions to the Secretary of State for Energy and Climate Change, the specific case of Carillion was raised and my right hon. Friend dealt with it. On the overall issue of unemployment, the OBR forecast shows that employment will be higher and unemployment lower if we compare the end of this Parliament with the start.

Glyn Davies (Montgomeryshire) (Con): In Tuesday's autumn statement, we heard good news on regional infrastructure development, and I was encouraged in particular to see the Chancellor refer to engagement

"with the Welsh Government on improvements to the M4."

Will my right hon. Friend the Leader of the House ensure that there are opportunities for hon. Members to discuss investment in cross-border issues and projects that impact on Montgomeryshire and other cross-border constituencies?

Sir George Young: Those are important issues, and my hon. Friend reminds the House that there is indeed a commitment to

"engage with the Welsh Government on improvements to the M4 in south east Wales."

The Welsh Government will also benefit from the Barnett formula, receiving enhanced funding in line with that which has been allocated to England, and there is also an urban broadband fund, which will create 10 super-connected cities, including Cardiff. There was a lot in Tuesday's announcement to help my hon. Friend's constituency and others in Wales.

Jonathan Ashworth (Leicester South) (Lab): Given that the Leader of the House seems, if I may say so, to be struggling somewhat to arrange items of business, may I suggest that he schedules a debate on the important work of faith organisations in what I presume he would describe as the big society? Will he also join me in congratulating Leicester's council of faiths, now in its 25th year, on its successful inter-faith week?

Sir George Young: I applaud what Leicester is doing on that particular subject, but let me explain to the hon. Gentleman what happens. The Government schedule time for Government legislation, and most of the rest of the time is allocated to the Backbench Business Committee, so if he wants a debate on faith organisations, which I would heartily support, he needs either to present himself on a Tuesday at 1 o'clock to that Committee and put in such a bid, or to apply to you, Mr Speaker, for an Adjournment debate. That particular subject would be warmly welcomed on both sides of the House.

Harriett Baldwin (West Worcestershire) (Con): On Tuesday in the autumn statement, the Chancellor made the argument that investing in early years education and schools will do more to lift people out of poverty than just increasing benefits. Figures that I have obtained from the Library show that of all single-parent families on child tax credits with five or more children, 23,000 such households are out of work and 4,000 are in work, so may we have a debate about whether the best way to help those households aspire to greater prosperity is through helping parents into work with increased free child care, rather than increasing the size of their benefit cheque?

Sir George Young: My hon. Friend is absolutely right: the way to help such people is to help them into work and to remove the barriers that prevent them from going into work, one of which is child care. She will know that we have expanded free nursery education, first, for all three to four-year-olds and, then, to 20% of two-year-old children from disadvantaged families—a figure that was increased on Tuesday to 40%. I very much hope that that will help achieve the social mobility to which my hon. Friend refers.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): May we have a statement from the Government on the protections given to whistleblowers? This is a particularly

[Jonathan Reynolds]

emotive subject in my constituency, as a result of the legacy of the Harold Shipman murders and the crucial role that whistleblowing played in bringing him to justice. A ruling in the Court of Appeal last month, however, to the effect that employers cannot be held responsible for incriminatory acts by the fellow employees of another of my constituents, has some people worried that the protections that we give to whistleblowers are not vigorous enough. Will the Leader of the House raise that issue with his colleagues in the Ministry of Justice and, perhaps, arrange a meeting between me and one of those Ministers to discuss it further?

Sir George Young: The hon. Gentleman makes a serious point, and there should not be the deterrent, which he implies, preventing people from coming forward and reporting malpractice, injustice or, even, criminal activities. Of course I will raise with the Lord Chancellor the concern that the hon. Gentleman has expressed following that decision of the courts, and I will see whether the Government need to take any remedial action.

Brandon Lewis (Great Yarmouth) (Con): In Norfolk and East Anglia, a huge number of engineering, energy and high-tech businesses are ready to expand and grow, but for many years they have complained about the previous Government's neglect of our infrastructure and, particularly, our road infrastructure. I therefore welcome this week's announcement on the A14, building on the A11 and the Government's broadband investment in East Anglia. May we have a debate on infrastructure and the economic opportunities resulting from it, particularly so that we can highlight in Norfolk the further opportunities that will emerge if we eventually dual the A47?

Sir George Young: My hon. Friend makes an important bid for yet further investment in infrastructure in his constituency, and I note that he welcomed Tuesday's announcement, which will improve the A14, A11 and parts of the M1—junctions 10 to 13. I will pass on to the Secretary of State for Transport the fact that my hon. Friend's appetite has now been whetted, and that he wants to see yet further investment in his constituency.

Mark Lancaster (Milton Keynes North) (Con): May we have a debate on localism? The Nun Wood wind farm application spans three local authorities, each of which looked at it independently and, in line with their local plans, turned it down, only for a distant planning inspector to decide that he knew better than the local plans, thereby allowing the application. Does the Leader of the House understand why my constituents, my hon. Friend the Member for Wellingborough (Mr Bone) and the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North East Bedfordshire (Alistair Burt), feel so strongly about this issue, which is a real smack in the face for localism?

Sir George Young: I understand my hon. Friend's disappointment at the decision of the planning inspector, and I know from my time as a planning Minister that there are now fewer opportunities to appeal. I very much hope that, when the Localism Bill hits the statute book and we introduce a new planning regime, there will be a system that is more responsive to local needs than the system we operate at the moment.

Mr Philip Hollobone (Kettering) (Con): Given my right hon. Friend's personal commitment to this Chamber being at the centre of the political life of the nation, will he support the motion, put forward by the Backbench Business Committee on Monday, that ministerial statements on major policy announcements be made first to this Chamber of the House of Commons?

Sir George Young: I reaffirm my commitment to that part of my hon. Friend's motion. If he has looked at the Government's response to the Procedure Committee's report, he will see that I have severe reservations about the second part of his motion, which includes a rather punitive regime for breaching that aspect of the ministerial code. I will in due course on Monday, if I catch your eye, Mr Speaker, explain why the Government have doubts about the wisdom of the second half of the motion.

George Hollingbery (Meon Valley) (Con): The Leader of the House will know about the extensive work being undertaken at the Department for Communities and Local Government on community budgets, including 16 pilot programmes, on families with complex needs in particular and on cross-departmental spending to solve those problems. Given the wide range of measures being taken by the Government, particularly with reference to today's announcement by the disabilities Minister, the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Basingstoke (Maria Miller), may we please have a debate about the scope of that work and its potential consequences?

Sir George Young: I welcome such a debate on that initiative and on other schemes such as the early intervention grant, which has done a lot of useful work, trying in particular to bring together funding streams that were previously disparate, and providing a more comprehensive policy to help such clients. I cannot promise such a debate, but in the pre-Christmas Adjournment debate my hon. Friend could initiate a discussion on that important subject.

Bob Blackman (Harrow East) (Con): Thirteen days ago four Harrow police officers were stabbed while trying to apprehend a suspect in neighbouring Kingsbury. I am pleased that their courage has been commended by the Home Secretary and by the Mayor of London, and that my right hon. Friend the Prime Minister is writing to the four police officers, who I am pleased to say are recovering after having suffered those injuries. They are also about to receive "Get well" cards from local children, who are pleased about the work of the police in helping them to celebrate their religion and in going to school, but may we have an urgent debate or a statement on the measures that we can take to help the police and, in particular, given the protective clothing that is issued to them, to combat knife crime?

Sir George Young: Many of us will have seen that particular incident on our television screens. The specific issue of protective clothing is a matter for the police service, and I will draw my hon. Friend's concern to the attention of the appropriate authorities, but more broadly

he has reminded the whole House of the professionalism and bravery of our policemen and women. They get up in the morning and do not know what risks they will confront during the day, but they discharge their responsibilities with a commitment for which we are all very grateful.

Jeremy Lefroy (Stafford) (Con): May we have a debate on ways to tackle the shortage of doctors who are specialised in accident and emergency care—a major factor in the temporarily reduced hours of the A and E department at my local hospital in Stafford? I place on the record my thanks to the Minister of State, Department of Health, my right hon. Friend the Member for Chelmsford (Mr Burns), for all his great help in the matter, but it is a long-term problem that needs to be discussed and tackled.

Sir George Young: My hon. Friend draws the attention of the House to a serious issue, but the problem in that case is the shortage not of resources, which are there, but of applicants to take up the posts. Discussions are indeed continuing between the Department of Health, the strategic health authority and the local trusts to see whether those barriers can be overcome, but I am grateful to my hon. Friend for his thanks to my right hon. Friend. I will pass on my hon. Friend's concern and see whether we can accelerate the process.

Mr Speaker: I call Mr Guy Opperman.

Hon. Members: Hear, hear!

Guy Opperman (Hexham) (Con): Thank you, Mr Speaker; I shall try to be worth the wait.

In Northumberland, hundreds of women have outstanding equal pay claims that some Opposition Members and I are trying to persuade the local authority to resolve. Please may we have a debate in the House on the issue of equal pay for women, past and future, and what the Government are trying to do about it?

Sir George Young: The Government are keen to address the injustice of unequal pay between men and women. In 2009, there was a gap of some 16.4% between men's and women's pay. We are working with employers to encourage voluntary non-legislative action to improve transparency on pay and on equality more generally.

Point of Order

12.20 pm

Paul Flynn (Newport West) (Lab): On a point of order, Mr Speaker. May I take this first opportunity to express my regret that in my excitement at being called early in topical questions, I inadvertently referred to the Secretary of State instead of the Minister of State, thereby denying the Minister of State the opportunity to explain how his green crusade is not only one of exhortation but of example? I express my regret to both of them.

Mr Speaker: I am extremely grateful to the hon. Gentleman for that very courteous clarification.

Backbench Business

[Un-Allotted Day]

Mr Speaker: We have two debates on, respectively, BBC cuts and debt management services. It may be for the convenience of the House if I explain that the Backbench Business Committee anticipated and recommended that there should be a broadly equal division of time between the two. Starting as we are at just after 12.20 pm, I would expect the first debate to conclude at approximately 3.15 pm.

BBC (Proposed Cuts)

12.21 pm

Austin Mitchell (Great Grimsby) (Lab): I beg to move,

That this House calls upon the BBC to reconsider the scale and timing of its proposed cuts so as better to safeguard BBC local radio, regional television news and programmes, the morale and enthusiasm of its staff, and the quality of BBC programmes generally, all of which have made the BBC the most respected public service broadcaster in the world.

I am very grateful to the Backbench Business Committee for providing this wonderful opportunity for Members to say what they think of the cuts proposed by the BBC in Delivering Quality First. It is important to get those views on the record and for us all to say what we think the BBC should do given its current financial stringencies. I am an admirer of the BBC. It is the best news and media organisation in the world, and an institution of which we in Britain can be proud. It is better to say that outside the BBC and admiring it than it is inside and working for it, as I once did, when one has to tackle the layers of bureaucracy above.

This admirable institution is now threatened by cuts. The licence fee settlement is the worst in the BBC's history, with the licence fee frozen at £145 for six years. On top of that, the BBC is required, from 2014, to finance the World Service and BBC Monitoring, both of which used to be a Foreign Office responsibility and should, in my view, continue to be so. The BBC World Service does a better job for Britain in the world than the Foreign Office and all its pinstriped mandarins put together, and it should be financed by the Foreign Office. In addition, the BBC loses £150 million a year to finance superfast broadband, for which, again, the Government should be responsible, and £25 million a year to finance the Secretary of State's dream of local TV stations. All this amounts to savings of 16% in the annual budget, to which the BBC has added another 4%—in other words, £670 million a year in cuts. That is on top of the efficiency savings of 3%, or £487 million, a year that were required in 2007 for the period 2008-13, and are, in fact, being exceeded. The BBC is suffering a double dose of anorexia, and that threatens quality, jobs, innovation and creativity, and hence a groundhog diet of endless repeats on television.

This is a squeeze too far. I have to admit that the BBC has certain faults, which I shall list. It has not helped itself with its erratic financial decisions. For instance, there was the hokey cokey about Broadcasting house. First, it was going to move, then it moved out to White City, and now it is going to move back and sell the old television centre at White City.

Mark Pritchard (The Wrekin) (Con): I congratulate the hon. Gentleman, who is chairman of the all-party group on the media, on his consistency on this issue. I do not accept that the BBC has an anorexia problem. It is an obese organisation and, like the rest of the public sector, it needs to go on a diet. I accept that the BBC does a huge amount of good and is probably the best news organisation in the world. Does he accept that the decision on where the cuts fall should not discriminate against regional and local radio? The BBC is in danger of being very London-centric, retaining managers in London while laying off hard-working journalists in the regions.

Austin Mitchell: I accept that absolutely. The BBC should concentrate on efficiency savings, which are still possible in what is, as the hon. Gentleman says, a large organisation. That, and not the cuts in regional services and local radio stations that are forecast in Delivering Quality First, should be the basis of any cuts.

Daniel Kawczynski (Shrewsbury and Atcham) (Con) *rose—*

Austin Mitchell: I would rather not accept a lot of interventions because many Members want to speak, and I think it is better that they make their points in the debate rather than interrupt my diatribe.

The BBC bureaucracy has always been more adept and skilful at interfering with and managing programmes than at managing the finances of the BBC. As a result, it is unable to cost its services and say where the efficiency savings should come. That is a problem for the BBC, but it is being cured with the help of the National Audit Office, which says in its report on the BBC's efficiency programme—we discussed it in the Public Accounts Committee—that the BBC is making splendid progress. I want that progress to continue. I want the BBC to be able to say, "If we cut to this extent, the overall consequences will be X and the consequences for delivery and quality of services will be Y."

We need that clarity so that the BBC can take a firm position on what cuts it can accept instead of its current approach, which is the culture that characterises Delivering Quality First of can-do submission to whatever the Government propose. The Secretary of State shakes his head. Last October, though, the BBC apparently quaked before the terrifying spectre of the Secretary of State; we have read about what must have been a terrifying weekend of pressure that he brought to bear. It should be immortalised in some kind of drama—"Three Days in October"—showing the terrifying effect that he had on the BBC, which caved in totally. The Secretary of State put the frighteners on, Sir Michael Lyons resigned, and the BBC set about a "Yes sir, no sir, three bags full, sir" programme of cuts. Indeed, the director-general, Mark Thompson, told staff in Belfast—this is very unlike him—

"If you're really that unhappy, if you think that you can't do your best work here then leave—no-one is forcing you to stay."

That situation, described as consultation of the BBC staff, was forced on the BBC by the Secretary of State with his bullying tactics last October. It is a skill that amazes me. Now he sits there smiling, all friendly, but that is not how the BBC saw him last October.

I am not saying, in all this, that the BBC is its own worst enemy, because the Murdochs are still around. Indeed, the Murdochs are selling programmes; for instance, Elisabeth Murdoch sold "MasterChef" to the BBC. However, I am saying, loud and clear, that these cuts are going to be deeply damaging to the quality of the BBC service. One cannot force a 20% spending reduction over five years, with a loss of 2,000 jobs, 1,000 of which are in the vital news services, without it being a blow to creativity and to all the creative industries that supply and support the BBC, and without doing deep damage. That is what will happen over the coming years if the BBC, as it is being forced to do, follows the prescriptions laid out by James Murdoch in the MacTaggart lecture in Edinburgh a few years ago. The cuts programme has an amazing resemblance to what he said he wanted.

Let us look at the consequences. This debate provides an opportunity for all Members to give their views on the consequences and to say what they think should be done. I would like to first consider local radio. There is a strong feeling among Members that the cuts to local radio go too far and will be too damaging. That point emerged in the Westminster Hall debate.

Daniel Kawczynski: On the issue of local radio stations, Radio Shropshire is not even allowed to procure its own window cleaners. That is done centrally from London. The BBC in London sends window cleaners from Lancashire to clean the windows in Shropshire. That is highly unacceptable and must be changed. There must be better procurement and value for money at the BBC.

Austin Mitchell: I hope that the cleaners from Lancashire do not arrive with little ukuleles in their hands. That would be an example of excessive expenditure at the BBC. However, such examples do not make the case for the cuts, because the cuts will be much more deep-seated. I accept that there are anomalies and problems.

The cuts will press heavily on local radio, which we all respect. It provides our roots in society and in politics. I am particularly proud of Radio Humberside. It does not do enough on politics, but that is probably because it would lose its audience if it did more on politics. It would gain me, but it would lose its audience. It is a particularly good station. It will lose 8.5 members of staff as a result of these decisions.

In BBC local radio overall, the output will be cut by 22%, the budgets will be cut by 19%—far in excess of all the other cuts—and 280 jobs will be lost, which is an average of seven per station. That will be a crippling blow. Such harsh cuts press particularly hard on small organisations that have high fixed costs.

Hugh Bayley (York Central) (Lab): I am grateful to my hon. Friend, who is making a magnificent speech. The talk about window cleaners trivialises the problem. BBC Radio York, which got the title of best original journalism of the year this year, will lose eight journalists as a result of the cuts. Surely the licence fee should pay for the sort of broadcast services that commercial stations will not provide. Local radio is at the core of that.

Austin Mitchell: I agree with my hon. Friend. I am sure that that station's ratings will go up as his appearances multiply. It is true that local radio provides a better service for older people and that it is more listened to by older people. That is why I am dealing with this issue—I am one of the oldest Members around. It is true that the cuts will be deeply damaging to the roots of the BBC and to us in particular.

The same is true of the quality of the local press. The number of reporters in the local press is declining steadily and rapidly across the country. It is also tragic that regional television, which we rely on for the coverage of regional politics, faces cuts of 16% and 100 jobs lost. Regional news on television has already suffered from the cuts at ITV. Competition will be further damaged by these cuts.

BBC Online, which the Murdochs have complained about vociferously because it competes with their paid services, will be cut by 25%. That is real vandalism, because it is a quality service. I rely on it heavily for news and information.

The Asian Network, which is the only non-sectarian, non-political service for news, music and discussion for all Asian communities, will lose 47 people, have a budget cut of 46% and face the closure of its Leicester newsroom. That will be a bitter blow to ethnic communities and to the ethnic mix among BBC staff.

Those are the major objections that I have to the cuts. I have no doubt that other Members will put forward other objections. The BBC must consider the objections that come from us and from the rest of society. There may be other cuts to come. That is not clear because negotiations are still going on over pension conditions.

Steve McCabe (Birmingham, Selly Oak) (Lab): Before my hon. Friend leaves the issue of regional television, does he think that it is consistent with the BBC charter for the BBC to locate most of its production at Salford, Bristol and Cardiff, and to leave areas such as Birmingham, the west midlands and his part of the world out of the loop?

Austin Mitchell: No, I do not. It is true that services are being unacceptably concentrated in those places. We want better services and better staffing in Yorkshire and the Humber, which—dare I say it—are a nation in themselves and deserve to be treated as a nation. The cuts are a serious setback to recruitment and to the transfer of jobs out of London, which cannot be satisfied just by the creation of the monster of a centre in Manchester.

The newsrooms of the BBC and the BBC World Service are going to be merged. There are overlaps there, which will lead to further redundancies. We are told that Radio 4 has been protected from cuts, but its producers have been required to reapply for their jobs.

Bill Esterson (Sefton Central) (Lab): I am pleased that my hon. Friend has raised the issue of Radio 4, which, as he said, is being protected. On Merseyside, more than twice the number of people who listen to Radio 4 listen to BBC Radio Merseyside, yet Radio Merseyside faces a cut of 20% and will lose a third of its staff. Overwhelmingly, the people who listen to it are elderly, disabled or poor. Those people do not have the option of finding other means of entertainment. Does he agree that it would make sense to protect local radio rather than Radio 4?

Austin Mitchell: I agree absolutely. Radio 4 tends to be radio south-east, or indeed radio Westminster at times, given its concentration on politics. Listeners in the regions deserve the same degree of protection.

I was arguing that Radio 4, which is supposed to be protected, is not being protected because its producers are all being asked to reapply for their jobs. Audio & Music, which produces programmes such as "Desert Island Discs", for which my invitation to appear is still to arrive—I hope that it arrives before rigor mortis sets in totally—has been cut by 18%, with a loss of 140 jobs.

To conclude, my message to the BBC is simple and threefold. To the BBC Trust, I say please go easier and slower with the cuts, particularly those to local services. To the BBC management, I say reconsider the proposals in Delivering Quality First carefully, because management in the regions are in revolt. We have had discussions with the regional management in Yorkshire and Humberside. Although they are preparing the cuts, they clearly want MPs to come forward against those cuts. They are inciting us against their own management.

Catherine McKinnell (Newcastle upon Tyne North) (Lab): I hope that I will not pre-empt my hon. Friend's third message to the BBC. The concern has been raised with me that the BBC does not seem to be listening to the evidence of the number of listeners and viewers at a local level. It also proposes to create super-regions for television programming, in particular for "Inside Out", where it believes that audiences will tolerate it. However, there is no evidence of that.

Austin Mitchell: I agree absolutely. The people listen to the BBC, but is the BBC listening to the people in this instance? I ask BBC management, who have proposed a diet of sacrifices and cuts for everybody else in the BBC, what they can bring to the party. Salaries have become inflated in the BBC—there are 1,065 people earning more than £70,000 a year. Good heavens, that is as much as MPs get—what a scandal! We are grossly overpaid, of course, everybody says so. There are 45 people at the BBC with salaries of more than £190,000 a year, and the director-general's package is also pretty inflated, it seems to me.

If BBC management agreed to cut the director-general's package to £142,000 and lower the other top salaries in ratio with that, they could save and bring to the feast £27 million. That would be helpful when they are imposing cuts on other people. We are all in it together, and they are in it as much as the BBC staff. They should recognise that fact by making sacrifices. That is my third message to the BBC.

My final message is to the Government. I say to them that what happens is their responsibility, and substantially that of the Secretary of State. If and when—I say "when" because I think it is a case of "when"—it becomes clear that the cuts are destroying quality and ending intelligent debate and discussion of politics, the Government should stand ready to provide a supplementary licence fee. All the poll evidence indicates that people are prepared to pay more for their licence fee. One recent poll showed that they were prepared to pay 7p more a day. That would obviate the need for the cuts altogether. The Government should bear that in mind. They should certainly reconsider imposing the burden of the BBC World Service on the BBC itself. It should properly be financed by the Foreign Office.

I say to my fellow MPs who will speak after me, let us please avoid the old carping and criticism of the BBC. We all grumble at the BBC—it is there to be grumbled at, like the weather. However, it is also there to be admired. It is the best producer of quality programmes and quality news in the world, and an institution that we should be proud of, not treating in this horrendous fashion of cuts, sacrifice and dumbing down.

Several hon. Members *rose—*

Madam Deputy Speaker (Dawn Primarolo): Order. May I explain to Members that, as Mr Speaker mentioned, we plan to end the debate at 3.15 pm and start the wind-ups at 2.45 pm? There are 12 Members who have indicated that they wish to speak, and I can be a little more generous on the time limit if Members are disciplined. If those speaking at the beginning take more than 10 minutes including interventions, it will mean that those who come later get less time. With that in mind, and knowing the self-discipline that Members will want to apply, I will set the time limit on Back-Bench speeches at 10 minutes.

12.43 pm

Martin Vickers (Cleethorpes) (Con): It is a pleasure to follow the hon. Member for Great Grimsby (Austin Mitchell). Clearly Radio Humberside is going to get a few plugs this afternoon.

It is tempting on such an occasion to attack and compliment the BBC in equal measure. I am very happy to say that I would pay my licence fee for Radio 4, and if I happened to get the Radio 5 Live football commentaries, "Newsnight" and "Match of the Day" thrown in I would be a satisfied customer. In reality, however, we are here this afternoon to convey to the BBC, through the Secretary of State, the concerns of our constituents.

It is clear that our constituents greatly value local radio. In the case of mine, that means Radio Humberside. Unless someone is local to the area, it is difficult for them to appreciate the antipathy to the word "Humberside". Indeed, one of my illustrious predecessors, Michael Brown, pledged to expunge it from the English language. Alas, it lives on, although it is now sometimes referred to as "the Humber". However, Radio Humberside has gone a considerable way towards overcoming the in-built suspicion of anything containing the word "Humberside". Nowadays, we are at least referred to as "northern Lincolnshire".

Nic Dakin (Scunthorpe) (Lab): Does the hon. Gentleman agree that despite the issue of the word "Humberside", there is a lot of affection for Radio Humberside among people in Scunthorpe, Grimsby and on the south bank of the Humber, particularly for its support for and reporting on local people's activities, whether they be football, arts or other things?

Martin Vickers: I certainly agree with the hon. Gentleman, and the word "affection" appears somewhere in my notes in relation to Radio Humberside. I suspect, though, that most of my constituents on the south bank of the Humber are more interested in what goes on in Louth and Lincoln than in Cottingham and Kirk Ella. I therefore remain convinced that some savings could be made through joint working with Radio Lincolnshire. Residents in places such as Keelby and Caistor, which

are really suburbs of Grimsby and Cleethorpes, feel much more part of what we might call the Humberside community than of the more rural Lincolnshire community. I acknowledge that the success of Radio Humberside is partly because people grow fond of—even affectionate towards—some of the presenters, such as Peter Levy with his lunchtime phone-in.

Daniel Kawczynski: Does my hon. Friend agree that local presenters are very much admired and revered by the local community and hold local politicians to account in debates? May I put in a plug for Eric Smith, my favourite presenter on Radio Shropshire, who is also appearing in "Aladdin" at Shrewsbury's Theatre Severn, playing the emperor of China? I very much hope that people will go and see him over the Christmas holidays.

Martin Vickers: I hope that plug serves my hon. Friend well in his future dealings with his local radio station, just as I hope that Peter Levy will view my next appearance on his programme favourably after my mention of him.

With the decline of many local newspapers, although thankfully not the *Grimsby Telegraph*, local news on BBC stations will become more important, although it is easy for them to overdo the contribution that they make to local politics. I can speak only for the Humberside and Lincolnshire area, but many years ago there was a Radio Humberside reporter at local council meetings as a matter of course. Indeed, when I was first elected to Great Grimsby borough council in 1980, there was a reporter who not only attended meetings of the full council but had the unpleasant task of even being at every committee meeting. I often used to sympathise with him as he sat through far more meetings than even the councillors were forced to.

Hugh Bayley: The hon. Gentleman is absolutely right to stress the local links that local radio has with the community and the identification of listeners with their local radio station. During the catastrophic floods in York 11 years ago, I was tasked by the police silver command one Friday night, when we ran out of sandbags, with trying to find some people to come in overnight and sew additional ones. I put out public appeals on BBC Radio York, Radio Humberside and Radio Lincolnshire. Two hours later, a factory manager in Lincolnshire said that he had been called up by workers who had gone to the factory having heard the programme, so that they could open it up and sew. Within 24 hours there were 1 million sandbags. Is there not a risk that such local community service by radio—

Madam Deputy Speaker (Dawn Primarolo): Order. We have now had an advert and an intervention that is really a speech. Interventions are supposed to be brief and relevant to the point that the speaker who has the floor is making. I would be grateful if we could stick to that.

Martin Vickers: Thank you, Madam Deputy Speaker. I entirely agree with the point the hon. Gentleman makes on floods and the like. We have had our share of floods in the Cleethorpes area—most recently four years ago. Local radio comes into its own on such occasions.

To go back to the coverage of local politics, it is completely unrealistic to expect local council meetings to be covered individually by reporters. Indeed, in some areas, there are far too many local councils to be covered by local stations, which is another argument in favour of single-tier local government—that is an argument for another day.

I support the Government's approach to the licence fee. Any organisation as large as the BBC can and should make savings. The licence fee is a significant burden—

Sammy Wilson (East Antrim) (DUP) *rose—*

Martin Vickers: I think I am running out of time, so if the hon. Gentleman will forgive me, I will carry on.

The licence fee is a significant burden to those on low and fixed incomes. I acknowledge that although various schemes help some categories of my constituents, the licence fee falls disproportionately on the elderly and the housebound, who quite naturally rely to a much greater extent on their radios for company and entertainment.

The licence fee must be contained. I do not subscribe to the more radical proposals for the BBC that are supported by some of my hon. Friends—I would regard myself as a critical friend of the BBC. As the hon. Member for Great Grimsby pointed out, in many ways, the BBC sets a benchmark for quality and is an institution of which we should be justly proud, but it must recognise that it is funded by what is in effect a compulsory tax, and the anger the general public feel about some of the salaries and fees paid to executives and presenters. Why do more than 100 members of staff earn more than the Prime Minister? I remain unconvinced of the merits of that situation, although I am sure they are capable individuals.

The director-general carries a heavy responsibility, but he and his colleagues must recognise that my constituents, many of whom do not earn as much in their working lives as his annual salary, contribute to that. My constituents remain amazed that £15,000 per episode of "Question Time" represents a reduction in the presenter's salary—£15,000 is not far short of the average wage for my constituents. I am a passionate supporter of the free market and recognise that the BBC operates in a competitive environment, but it must, like all publicly funded organisations, recognise the circumstances in which the country finds itself.

The motion asks for local radio and regional TV programmes to be safeguarded, but not completely insulated from savings, which to a limited extent can always be found. I put "local" ahead of "regional". I find the suggestion of a "Radio England" completely unacceptable. Regional radio used to exist. I recall that when I bought my first Marconiphone transistor radio, I could tune into Midlands, North, London and the like as well as exotic stations such as Hilversum, Athlone and Luxembourg. However, regional radio never really had any buy-in from its audience—people did not tune into 434 medium wave for the northern news; they tuned in because that was the best reception in the area.

I enjoy some programmes on BBC 4 television, but I remain unconvinced that its new programming could not or should not be aired on BBC 2—indeed, it would

[Martin Vickers]

have been before the latter station was dumbed down. That is not a throwaway remark. I clambered into my loft last weekend and dug out some editions of the *Radio Times* from the 1960s and '70s—do not ask me why I had them. When I flicked through those pages, I appreciated how much rubbish is broadcast these days in comparison with years gone by. I am told that BBC 4 is cheap television. I can understand that—it does not cost a great deal to re-broadcast a 1976 episode of "Top of the Pops". I would prefer one from 1966, but that yet again shows my age.

Radio Humberside and local radio generally is greatly supported by our constituents up and down the country. It is that above all else that the BBC should concentrate on safeguarding as it looks for savings in other areas. I hope all hon. Members support the motion.

12.54 pm

Valerie Vaz (Walsall South) (Lab): I begin by thanking my hon. Friend the Member for Great Grimsby (Austin Mitchell) for introducing this timely debate. It is always a pleasure to follow the hon. Member for Cleethorpes (Martin Vickers).

The motion says it all. I call on the BBC to reconsider some of its short-term responses to the problem of relieving pressure on its budget, and I hope to set out why. So many times in the Chamber recently I have had to express my concern about our national institutions, which are the envy of the world. The BBC is a well loved service, and one that is respected for factual output, drama and music. It is now leading the debate on science and bringing its beauty and wonder to the masses.

I shall focus on the national position, what is happening locally in the west midlands and what will happen in future. As my hon. Friend the Member for Great Grimsby said, for just £12 a month, the nation can enjoy new drama, science and current affairs programmes. In my view, the BBC is hamstrung, because although the licence fee settlement is guaranteed until 2017, the licence fee is frozen. As he said, the BBC will also have new funding responsibilities for, among other things, the World Service and S4C, and must make savings of 20%.

The whole point of a public broadcaster is that it need not have an eye to the shareholder, so it can commission new and innovative programmes. The BBC is accountable to viewers, who will always tell it what they like and do not like, but people must have space and time to hone their craft. Creativity cannot be measured as a unit of expenditure.

Steve McCabe: Is it fair that viewers in the west midlands should have to pay the same licence fee as viewers in Cardiff, Bristol or Salford when the former get such a limited return for their investment compared with the latter?

Valerie Vaz: I thank my hon. Friend for that intervention, but I shall come to what is happening to BBC West Midlands.

A drama can have a greater impact and provide greater understanding of a topic; one has only to watch "Later...with Jools Holland" to see this country's tremendous musical creativity; and in both television and radio, exploring the boundaries of our world and helping us to make sense of it is one of the cornerstones of what the BBC does.

What concerns me most as a west midlands MP is the proposed decimation of BBC West Midlands, which has a unique 90-year history of both factual and drama programme making. It is home to some of the most excellent programmes, such as "Countryfile", "Coast" and "Gardeners' World". A long time ago, I made a programme that came from Pebble Mill—"Network East"—and I remember the expertise of the staff. They edited a piece on the Chelsea flower show at 7.50 pm for transmission at 8.00 pm. One can find such professionalism and dedication to the job across the whole of the BBC. As many hon. Members from the west midlands will know, when we go on the "Politics Show", a remarkable woman—is there not always a remarkable woman?—does our make-up, acts as floor manager and provides the hospitality at the end of the programme. I am not sure what else she can include in her job. Perhaps the BBC will expect her to be a camera operator as well. That is the nature of her commitment and the commitment of the other people who work there.

The £15 million that is spent on the region is worth £28 million to the local economy, not to mention that Birmingham is the country's second city and the geographical heart of England. That as well as skilled jobs such as journalists, researchers, engineers and producers could be lost. The pitch is that 150 skilled jobs in the area could be lost.

Tracey Crouch (Chatham and Aylesford) (Con): If the west midlands is the heart of England, Kent is the garden of England. Is the hon. Lady aware that Radio Kent, which provides many of my constituents with an excellent service, has longer listening hours throughout the week than any other BBC radio station? That is why it is vital to retain top-quality programmes and stations for our constituents.

Valerie Vaz: The hon. Lady serves her constituents well by making such an important point and I hope that the BBC is listening to her. It is not only the skilled jobs that will go; the local news dimension and the cutting edge digital production will be lost. Once lost, such skills will never be regained.

The west midlands is one of the most diverse areas. When BBC operations moved from Pebble Mill to the Mailbox, Mark Thompson said that great cities such as Birmingham were central to his vision of the BBC. None the less, it is the future on which I wish to focus. In the midlands, there is a different a pool of talent from that in London. Broadcasting there offers opportunities for a first step in the media. Outreach work is carried out across the midlands and includes projects such as BBC News School Report, the International School and the university of Birmingham sports partnership in which, hopefully, it will be recognised that women can play sport and that there is a gender balance to be achieved.

Yvonne Fovargue (Makerfield) (Lab): Does my hon. Friend share my concern that these cuts are having an effect on regional sports? For example, there are fears that the cuts, particularly those in London, will take away 95% of the coverage of rugby league, which is hugely popular in my constituency.

Valerie Vaz: My hon. Friend makes an important point, and I absolutely agree with her. I should also like to flag up my concern that after the move to Bristol, S4C may be made to broadcast from there to save costs rather than from Wales.

Alun Cairns (Vale of Glamorgan) (Con): I am startled by the claim that S4C could be broadcast from Bristol. Is the hon. Lady telling me that that is official Labour party policy?

Valerie Vaz: Oh dear. I thought that the hon. Gentleman was listening. I was voicing not official party policy, but my concerns. I tend to look at the future and worry about things. The hon. Gentleman should be aware that such a move is a possibility. It is not one with which I agree. People have actually starved to secure the channel S4C, and it should remain in Wales, which is the most wonderful country. Let me press on now.

Each generation has seen the BBC achieving new successes. Programmes such as "Doctor Who" have been reworked and old legends such as "Merlin" have been broadcast. Savings can be found by curbing the excessive salaries of the so-called stars.

Steve McCabe: Jeremy Clarkson.

Valerie Vaz: Yes, Jeremy Clarkson. As I mentioned earlier, all this output costs £12 a month. If we match some of the savings with a slight increase in the licence fee—7p a day would mean a £2 increase a month—which my hon. Friend the Member for Great Grimsby mentioned, we could stop all these cuts. We cannot have a situation in which we buy in other people's words and pictures rather than have news reporting on the ground. I have written about this matter to Mark Thompson and the chairman, Chris Patten. The reply, which I received today, does not reassure me that any of these cuts are necessary. I urge the BBC to think again. Operating a camera, directing and editing are different skills. Mistakes are made when there is no time for research and facts are not checked. The BBC is not a throwaway institution, but an institution that nurtures new talent while celebrating the wisdom of the long-standing people who work there. The world is getting more complex; the BBC needs to expand and not contract. The message from this House must be that it has to think again.

1.3 pm

Mr Don Foster (Bath) (LD): I congratulate the Backbench Business Committee on selecting such an important subject for debate and the hon. Member for Great Grimsby (Austin Mitchell) on introducing the debate with his usual panache. Bearing in mind his current attire, I was slightly taken aback by his attack on pinstriped mandarins. Other than that, I agree with a great deal of what he said.

The motion says that the BBC is

"the most respected public service broadcaster in the world."

From the contributions that we have heard already, it is clear that it is the best public service broadcaster in the world. It is the best because of the high quality of its output on television, radio and online. Its news is both impartial and highly trusted, which is reflected in the fact that it produces only 27% of television news, yet secures 72% of all news viewing.

Bill Esterson: The right hon. Gentleman makes a good point about television. The same is true of radio, and local radio in particular. BBC Radio Merseyside and other regional radio programmes achieve high listening figures among the over-65s. The loss of such a service will be a blow to those people. Is it not true that the core of the BBC's business is its regional news service and it should rethink its decision?

Madam Deputy Speaker (Dawn Primarolo): Order. I have already said that interventions need to be brief. Brief means short and not a speech.

Mr Foster: Let me just say to the hon. Gentleman that I will discuss local radio a little later in my speech. The BBC provides a significant training function for many parts of broadcasting—not just for the BBC. One of the things that has not been mentioned is the vital role that local radio provides as the training ground for many of the people who go on to be national news presenters or who get involved in national news production. The intangibles of the BBC are many and varied. It is, for example, one of the best technological innovators. We have seen that with the fantastic success of the iPlayer, which, I think, will be replicated when we have the launch of YouView some time next year.

The BBC also makes a huge contribution to the creative industries in this country. We are well aware not only of its technological and training achievements but of the way in which it provides support for fantastic orchestras and for the Proms. It will make a huge contribution to the 2012 Cultural Olympiad. The BBC, in the many ways in which it operates, is critical to this country. We have already seen a number of cuts to its service. Under the previous Government, huge cuts were required. Indeed, it has already had to find savings of about £1 billion since 1998. That has included reductions in senior management and in salaries and that could go still further.

I was delighted that the hon. Member for Great Grimsby referred to the crucial role that the National Audit Office is now playing in scrutinising the accounts of the BBC. I was very pleased indeed when that role was introduced by the coalition Government.

Before I come on to the cuts, I want to address one other matter that worries me—and this is a criticism of the Government. At a time when the BBC has to deal with these significant problems, some of its attention will be diverted by the Leveson inquiry. It was wrong for the remit of that inquiry to be widened to include broadcasting when there are so many other important issues that need to be addressed.

It is absolutely right that the BBC cannot be immune from the cuts that are facing the public sector at the current time. Lord Patten, the new chairman of the BBC Trust, was right to say that it should be possible to run an outstanding broadcaster on £3.5 billion a year. While the hon. Member for Great Grimsby was castigating the Secretary of State earlier on in his contribution, he should have been aware that the size of the cuts imposed on the BBC could have been considerably higher had the Chancellor required the BBC to fund the free licence fee for the over-75s. Some credit must go to the Secretary of State for his role in ensuring that the cuts were not as great as they could have been. Nevertheless, there are serious cuts facing the organisation and additional

[Mr Foster]

responsibilities that it must take on. It is not surprising, therefore, that the director-general has said that the BBC simply cannot take on further responsibilities if there are further cuts coming down the track.

Mr Nigel Dodds (Belfast North) (DUP): The work that the BBC has done over 30 or 40 years of violence in Northern Ireland is a credit to public broadcasting, but would the BBC not do itself more good if it were more transparent and, for instance, revealed exactly how much each presenter and employee gets? The public have a right to know.

Mr Foster: I hope that the right hon. Gentleman is aware that the BBC has already made great strides in making public that information, but with some individuals there will be issues of commercial confidentiality and contractual relations. It is difficult but the BBC has made progress, and I hope that if we enable the National Audit Office to consider these issues, more information will be forthcoming.

As I said, these are deeply challenging issues, and they include the increased responsibilities of the BBC. Unlike the hon. Member for Great Grimsby, I am pleased that the World Service will come within the wider remit of the operation of the BBC. That will be to the benefit of the excellent World Service, which reaches 165 million people around the globe every week. I recently visited the Arabic and Persian services, which are doing fantastic work and whose contribution during the Arab spring has been immeasurable. We should be praising their work. However, bringing the World Service and the BBC together will bring real benefits. I am pleased that Members on both sides of the House raised concerns about the level of cuts to the World Service—we should all be concerned about that—but I am pleased that additional funding has been found, and I hope that we can find more to ensure that it can continue its excellent work.

I am pleased that, with the management arrangements for taking on some of the responsibility for S4C having been sorted out, the channel now has a secure future, which means that it can continue to provide an excellent service through its Welsh-language service not only to the people of Wales but to the growing diaspora of Welsh people throughout the rest of the country.

I am perfectly sanguine about the need for the BBC to make a contribution towards the roll-out of high-speed broadband. After all, it is part of the BBC's remit that it delivers services and helps to develop different platforms. It is right, therefore, that it is involved in high-speed broadband roll-out, although I would say to my right hon. Friend the Secretary of State—I have said this to him several times—that one contribution that the BBC could make but is not allowed to make as much as it would like is on demand management to help people to understand the benefits of high-speed broadband and to provide training activities.

I am lucky enough to be the chairman of the all-party group on the BBC, and recently we held a meeting at which Lord Patten and the director-general, Mark Thompson, came before the group to answer questions about its Delivering Quality First plan. It will not surprise Members that more than 50% of questions asked were about local radio and expressed concern about the cuts. I want to make it clear that I join all Members who urge the BBC to think again about the cuts. They are seriously damaging. As a proportion of radio stations' budgets, the cuts might seem small but, as the hon. Member for Great Grimsby said, given that a high percentage of their budgets will go on fixed costs, the impact on many local radio stations' cash budgets—used on programmes and to pay presenters—will be significant and do great damage.

I have already mentioned the training issue. I simply do not understand why something as important to so many of our constituents as local radio is under attack like this. It is worth remembering that about 20% of people listen only to local radio. It is a lifeline for such people, particularly older people and the disabled. I hope that the BBC will reconsider that matter, just as I hope that it will look again at regional television. After all, regional television provides journalists with particular insights into, and an understanding of, what is happening in a locality that cannot be reflected by people stuck in Salford, Cardiff, Bristol or wherever.

I hope very much that the BBC will consider one other issue that has not been raised so far today but which has been raised by members of the all-party group: the BBC's coverage of European issues. It is worrying, for instance, that the BBC has not yet implemented the 2005 Wilson report, which recommended additional training to journalists about the operation of the European Union. Bearing in mind how important the EU is to this country, it is worrying that the only major programme covering European issues, "The Record Europe", might be axed.

There is one area where the Government could quickly do something to assist the BBC. I find this matter bizarre. In the vast majority of the world, if someone were running a satellite or cable programme, they would be begging to have on their platform the programmes that the BBC produces. They would be paying it to make that contribution. The Government need urgently to address what are called in the jargon "retransmission fees". If Virgin does not charge, other than for the costs of the operation, to have BBC programmes as part of its popular package, I must question whether it is now appropriate for Sky to receive so much money from the BBC. I urge the Government to look at that.

I end where I began. Notwithstanding the forthcoming cuts, I am confident that the BBC, despite all the changes taking place, will continue to be not only, as the motion states, the most respected public service broadcaster in the world but the best public service broadcaster in the world.

1.16 pm

Paul Blomfield (Sheffield Central) (Lab): In joining colleagues to make the case for local radio, I want to focus on three points. First, the cuts being made to local radio are unfair and disproportionate. Secondly, they will have not only an immediate impact on service but a long-term effect that could threaten the very future of local radio. Thirdly, echoing a comment by the hon. Member for The Wrekin (Mark Pritchard), these decisions are being made by a London-based management who appear not to understand the nature of their service or listeners outside the capital.

I want to illustrate these points with reference to Radio Sheffield, which is a successful station that broadcasts from the heart of my constituency and throughout south Yorkshire and which is listened to by 244,000 people every week. That equates to a remarkable 19% penetration of its potential market. On average, those people listen to Radio Sheffield for eight hours every week. I have to declare an interest as a regular listener of Radio Sheffield too. I shall declare another interest: I also listen regularly to Radio 4. I recognise, however, that Radio 4 has a significantly smaller audience across the country than the 7.5 million people who listen to local radio.

Tracey Crouch: Does the hon. Gentleman agree that one reason people are so loyal to their local radio stations is the variety they provide: there is the heavy speech content in the morning, followed by a variety of music, plugs for local events and so on in the lunch-time and afternoon shows, followed by the interesting speech content mix in the drive-time shows. That variety means loyal listeners.

Paul Blomfield: I agree with the hon. Lady about the variety and local roots of those different strands of the local radio offer.

It is important not only to consider the aggregate total of people who listen to local radio but to take note that one third—2.5 million people—of those people do not listen to any other BBC station and that, as the right hon. Member for Bath (Mr Foster) pointed out, almost one fifth listen to no other radio station at all. Yet while the Radio 4 budget is being protected, local radio across Yorkshire is facing cuts of about 18%. What does that mean for Radio Sheffield? The current 16 hours a day of local content will be almost halved, to nine hours. From broadcasting local content every weekday from 5 am to 10 pm, we will have two local slots, one in the morning and one in the early evening. The afternoon will be filled with regional programming—joint shows with Radio York and Radio Leeds—and from 7 pm, evening local radio will effectively become, as was pointed our earlier, "Radio England", which is complete nonsense when it comes to local radio. The loss of medium wave will bring an end to language programmes for ethnic minority communities, which are highly valued and attract a significant local listenership. We are also facing shared sports commentary, an issue to which I want to return in a moment.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): Let me say how much I support the case that my hon. Friend is making for local content from Radio Sheffield, a case that I would also make for Radio Newcastle. Does he think that the cuts to local radio are consistent with the BBC's duty to reflect and strengthen cultural identities at the local and regional levels?

Paul Blomfield: My hon. Friend makes an important point, because I think the cuts conflict with that duty. The BBC has done a lot of great work over recent years in seeking to meet that aspiration and won a popular following from our minority communities in Sheffield. That is now at risk as a result of these cuts.

My concern is not only about the immediate impact, but that the transformation of the local radio offer—a significant change—will lead to a spiral of decline. Reduced budgets will lead to falling listener numbers, which would challenge local radio's legitimacy further and leave the London-based management in no doubt in future. Smaller audiences for local radio would lead to further cuts, reducing listeners again. That spiral of decline will ultimately bring into question the future of local radio. That must be a worry for us all, because BBC local radio is unique. No one else, in either the BBC or the commercial sector, has a similar offer. As other Members have said, research suggests that many people—particularly older people—tune in to local radio for a sense of connection with their communities. A MORI study for Ofcom indicates that older people are more likely to listen to the radio at least five days a week, with 87% of those over 55 doing so. That is certainly true of Radio Sheffield, whose audience's average age is 54. Those people listen to it because it is local: it is of the community and reflects that community identity.

Julian Smith (Skipton and Ripon) (Con): Does the hon. Gentleman think that one of the challenges is that, looking at these issues from London, the Yorkshire dales, which I represent, and Sheffield, which he represents, may seem close, when in fact the communities there are quite different and distinct? We need to point that out to people living in White City.

Paul Blomfield: I absolutely agree with the hon. Gentleman's point about regional identity; in fact, I was coming to that. My point about the spiral of decline is that, if evening programmes became national—"Radio England"—they would, by any definition, cease to be local, and the reason for listening to them would disappear. If afternoon programming becomes regional, the same will happen. In Sheffield, we are rightly proud of being part of Yorkshire, which is an important part of our identity. However, although Yorkshire is our region, it is not our community. Yet that point—precisely the point that the hon. Gentleman makes—is not understood by the BBC management in London.

Let me illustrate that by reference to the plans for shared sports coverage. Sport is very popular with the Radio Sheffield audience, and I have no doubt that the same is true around the country. Nobody else provides that service, and on a Saturday afternoon the station is the most popular station on the dial in south Yorkshire. One in four radio listeners are tuned in to Radio Sheffield. However, under the BBC plans, when Sheffield United play at Elland Road—as we will next year when we are promoted: I have to declare another interest at this point—the commentary will be provided by Radio Leeds. I recently pointed out to the director-general of the BBC—at the meeting to which the right hon. Member for Bath referred—that Sheffield United fans would rather switch off than listen to a Leeds-based commentary. He recognised that that was a problem and said that the BBC needed to provide more neutral football commentary—completely missing the point. As a Sheffield United fan, I listen to Radio Sheffield's away commentary precisely because it is not neutral—because it is partisan and because Keith Edwards knows the club inside out and cares about it, just as I do.

Martin Vickers: As a blades supporter, I can understand what the hon. Gentleman is saying. Does he agree, however, that it is even more important for teams in the lower leagues—such as Grimsby Town, which is temporarily

[Martin Vickers]

residing in the Blue Square premier league—and other local sports clubs to be covered by local radio? Without it, our 7-nil victory on Tuesday evening would not have been widely reported.

Paul Blomfield: That is an incredibly important point. I worry that, when the away coverage comes from London, as under the BBC's proposal, a whole range of clubs will fail to get any commentary.

This issue goes beyond football. Local radio works because it is partisan, because it is rooted in communities and because it identifies with people, speaking to them and for them. Take that localness away and we will take the listeners away. As I mentioned earlier, BBC local radio in England has an estimated 7.5 million listeners, an increase of around 500,000 on last year and 700,000 more than the previous year. Cutting local radio in this way, when listener numbers are going up, makes absolutely no sense. If the current consultation launched by the BBC is to have any validity, I trust that it will listen to the huge number of voices raised in support of local radio and think again.

1.27 pm

Glyn Davies (Montgomeryshire) (Con): Thank you for inviting me to speak, Madam Deputy Speaker, in this debate on a subject that is hugely important for the people of Wales—possibly temporarily, before the whole thing is moved to Bristol.

I love the BBC. I love it as one might love a cantankerous auntie or some other relation. I enjoy complaining about the BBC, in much the same way as the hon. Member for Great Grimsby (Austin Mitchell), who introduced this debate, might enjoy complaining about the weather. I enjoy complaining about the left-wing bias and the ridiculous obsession with wind farms. In fact, about three weeks ago I even wrote a letter of complaint to the BBC—the first I have written in my life, I think. I wrote to "EastEnders", because there was a line in it where someone said that somebody had died as a result of a bee sting. I was approached by all the apiarists in my constituency, who were outraged at the damage that that would do to beekeeping throughout Britain. I wrote to the BBC asking it to make it clear that dying from a bee sting is an incredibly rare event. When the BBC does such things on "EastEnders", there should be a high-profile rebuttal of the idea that such events happen regularly. I am therefore taking advantage of this debate to make that rebuttal, because I do not think that the BBC issued one.

The BBC is hugely important in Wales; indeed, it is probably more important to Wales than to any other part of the country. I know that we all think that, but Wales is a proud nation, and the BBC not only delivers the same thing to Wales as to the rest of Britain, but actually underpins the culture of Wales. The BBC in Wales has its own orchestra. The BBC is absolutely part of Welsh culture. It does a terrific amount of work for our unique language—Welsh, the language of heaven. It is not just S4C that has been involved in that, but the BBC, which has played such an important part in developing the language. Indeed, it is one of the success stories when it comes to the world's minority languages, and we have to recognise the role the BBC has played in that.

The BBC, through its coverage of the National Assembly for Wales, is also playing a huge part in the development of the political identity of Wales. I am unashamedly Welsh through and through, and I have been incredibly proud of the work the BBC has done to make Wales an identifiable nation since devolution became a reality in 1999. I am also proud of the work it is continuing to do, and I do not want to see it stop.

The truth is, however, that the BBC had to reduce its costs. The reduction in the licence fee—what we call BBC cuts—is an entirely reasonable expectation. The Government obviously have an influence on the licence fee in its discussion with the BBC, and vulnerable people must be protected. The BBC licence fee is a regressive tax, which impacts more on the poorer in society than on the wealthy. At a time when the whole nation faces difficult economic and financial circumstances—we cannot be sure how long they will last—it would be completely wrong for the BBC not to make a contribution through the licence fee. I am fully supportive of the reduction in the level of the licence fee.

I want to make three points; the first is about S4C. One of the BBC cuts is for S4C funding to the tune of a little less than £80 million a year. This is the first chance I have had to speak on this since serving on the Committee considering the Public Bodies Bill, which was effectively taken over by the issue for a significant part of its work. It helped all of us to understand the impact of the BBC in Wales. I received 1,100 e-mails about the proposed changes in the Public Bodies Bill, which people feared would give the BBC excessive influence over S4C. I sought assurances from the Minister and was very encouraged by those I received. What we found in the end is that the result has been a terrific score. I thus wanted in this Chamber to say a huge thank you to those who delivered the agreement between the BBC and S4C, which has produced what is as close to an operationally independent S4C in Wales as could be hoped for. We feared that that would not happen, but the matter has been laid to rest. I also want to mention the BBC National Trustee for Wales, Elan Closs Stephens, who played a terrific part in bringing about that agreement, which needs to be publicly recognised.

My second point is about English language broadcasting in Wales—an issue also raised by the former controller of BBC Wales in a recent high-profile speech. Many Wales MPs have been so focused on the future operational independence of S4C that we have perhaps not argued as strongly as we should have for Wales to have its fair share of English language production. It hurt me a little when I read in the report of the former controller of BBC Wales that Welsh politicians did not fight remotely as hard for English language broadcasting in their country as the Scots did. I thought that that was a challenge to us. One reason I wanted to speak in today's debate was to try to make it certain that Welsh politicians started fighting for their share of English language broadcasting in Wales. It is not just a matter of S4C; it is about English language broadcasting as well.

The hon. Member for Walsall South (Valerie Vaz) suggested looking at the issue like an accountant to see whether BBC broadcasting in Wales could be transferred to Bristol. I can see that making a lot of sense from an

accountant's point of view, but my hon. Friend the Member for Vale of Glamorgan (Alun Cairns) and other hon. Friends leapt to our feet like startled rabbits when we heard that. That is how we felt. I could not believe that anybody could possibly make such a suggestion—even in jest. It struck me that at that stage not a single Member from Wales from any party other than the Conservatives must have heard it. I would have thought that Opposition Members, including the hon. Member for Blaenau Gwent (Nick Smith) who was not in his place at that stage, would have leapt to their feet, too.

Valerie Vaz: The hon. Gentleman is being slightly unfair or failing to understand the point I was making. It was a simple one. I meant that if it was a question of costs, then there was such a possibility. It is not on anybody's agenda, but I thought that, just by saying it, perhaps the situation could be saved.

Glyn Davies: I thank the hon. Lady. When she made that suggestion, it was the first time that I had ever heard it. Perhaps this is the quickest ever way to save a situation—three quarters of an hour after what the hon. Lady said. That seems promising, but the suggestion itself is so unreasonable and outrageous that one cannot even contemplate it. My own view is that if changes have to be made, perhaps we could move Bristol to Cardiff.

Nick Smith (Blaenau Gwent) (Lab): I thank the hon. Gentleman for giving way, and I am sorry I had slipped out of the Chamber when that remark was made. I do not think anything serious was meant by it. I believe that the BBC Cardiff operation is fantastic. As we all know, it is the home of "Doctor Who". I cannot believe that the significant investment made by BBC Wales in Cardiff in recent years will be overtaken by a move across the nearby channel.

Glyn Davies: I thank the hon. Gentleman for reinforcing my point.

Alun Cairns: Does my hon. Friend think that the hon. Member for Walsall South (Valerie Vaz) meant Bristol, Tennessee or Bristol in Avon?

Glyn Davies: I think I will pass on that one.

My third point is about political coverage in Wales. The new controller of BBC Wales has produced a plan for the future. On the face of it, the plan is a worry for politicians, particularly those based here in Westminster. It looks as if political coverage in Wales, particularly of politics in Westminster, will be reduced. If that happened, it would be a huge concern for me. I am reassured that it will not. We will have to wait and see the extent to which transferring the production of programmes from BBC Wales to the private sector happens. I gather that one programme in particular will be commissioned by the private sector. Let us wait and see how it works out and whether it delivers the same level of political coverage that we have been used to.

My feeling—this is a criticism I have made of the BBC in the past and I have heard Opposition Members express the same concern—is that coverage of Westminster politics is not as strong as it should be. It is more convenient for the BBC, given that it is located in Cardiff, to contact Members of the National Assembly and to relate to them. It is more difficult for it relate to Members of Parliament. It places a responsibility on us to make sure that we are noticed and that the BBC reports what we do. It is a serious concern, and I believe that over the next couple of years, we will have to look at whether the changes to the BBC in Cardiff actually deliver what the controller tells us they are going to deliver. I hope that our fears will not prove to be worth being overly concerned about.

There is no doubt that the BBC faces a huge challenge. The reductions in the licence fee and in the investment that the BBC can make are going to mean an awful lot of changes, but £3.5 billion is a huge amount of money. My view is that the BBC will return to the swaggering, confident self it used to be but has perhaps not been for the last couple of years, so that I can start to feel comfortable complaining about the BBC again. I look forward to regaining some of the pleasure I have often taken from that.

1.39 pm

Mr Iain Wright (Hartlepool) (Lab): I thank the long list of Members who have put pressure on a tight time scale to enable us to debate this important issue. In my brief speech I shall highlight, as others have already, the important and valuable local identity and distinctiveness—a phrase to which I shall return time and again—of the BBC's output. I shall focus on local radio, but I shall also say something about the importance of local investigative journalism on television.

As part of its Delivering Quality First project, BBC local radio is expected to find savings of some 12%, but for some reason BBC Tees, my local radio station, is expected to find savings of 20%. There is no transparency and no rationale for the disproportionate cuts that my local station is expected to absorb, which will pose a severe risk to its link with its listeners and the local identity and distinctiveness that are rightly cherished.

Delivering Quality First states that the BBC Trust wants to

"protect the five editorial priorities that the Director-General has identified: news; children's programming; UK drama and comedy; knowledge programming; and the coverage of events of national importance."

I certainly agree that the corporation should concentrate its licence fee expenditure on the output that most people expect from it, but I also believe that local radio is the section of its output that seems most personal to, and most owned by, the licence fee payer. Many people have diligently paid their licence fees year in year out, and do not use other parts of the BBC's service such as iPlayer or BBC 3. Local listeners feel very close to local presenters, and I think that BBC radio is the best broadcasting example of localism in action. That is certainly true of BBC Tees, as is reflected in its record listening figures and the fact that its audience satisfaction rates are at an all-time high.

I am not sure that the BBC's actions comply with the trust's wish to ensure that it

"continues to improve the extent to which its services resonate with all the UK's nations, regions and communities."

If anything, its proposals for BBC Tees drive a coach and horses through the special and distinctive service offered by local radio. I see that my hon. Friend the Member for Wansbeck (Ian Lavery) is present. I must

[Mr Iain Wright]

point out, with the greatest respect to my hon. Friend, that communities in Teesside often have little in common with communities in Tyneside and Wearside. I predict that if the cuts go ahead and programming is shared between my area and, for instance, his, the listener engagement and interaction that constitute an important part of any local radio station's activity will cease.

The corporation has stated that staple programmes such as the breakfast show and the early evening drive-time show will be protected. That seems to suggest that teams, indeed armies, of people are allocated to specific local radio programmes, which is certainly not the case at BBC Tees. I am struck by the amount of multitasking that is involved in producing, presenting, and investigative journalism. It is not unusual for Ali Brownlee, for example, to present a football show on, say, a Tuesday evening, reporting on what is invariably a defeat for Middlesbrough, and then to serve as anchor for the breakfast show a few hours later.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab) *rose—*

Mr Wright: I will give way to my hon. Friend, who I believe is the only season ticket holder left at Middlesbrough football club.

Tom Blenkinsop: I second my hon. Friend's support for Ali Brownlee. I also pay tribute to Mark Drury, another member of the BBC Tees sport team. However, given the record-setting losing form of Hartlepool this season, I should have thought that my hon. Friend would be much more appreciative of the station's coverage of Middlesbrough and, indeed, Guisborough Town football clubs.

May I now strike a serious note, and ask my hon. Friend whether it is not rather dangerous that northern BBC stations such as BBC Tees are being subjected to cuts of more than 20% while their southern counterparts are being subjected to cuts in single figures?

Mr Wright: I admire and respect my hon. Friend's championing of Guisborough Town, of which I understand he is the president, but I should prefer to draw a veil over Hartlepool United's appalling home record of seven defeats in a row. I think it best not to talk about that.

I agree with my hon. Friend's point about access to local sport provision. My only criticism of BBC Tees is that it gives far too much coverage to a local non-league team called Darlington.

I am not sure that such practices as the sharing of afternoon or evening shows will ensure that those 20% savings are achieved. The excellent John Foster show, which is broadcast between 2pm and 4pm, benefits from the resources of a presenter and a producer who doubles up as a broadcast assistant. There is hardly a huge amount of fat or inefficiency in BBC local radio, at least in my area. I fear that the loss of jobs and expertise will inevitably result in a deterioration in programme quality, not through the fault of BBC staff, but simply because they will have too much to do. Audiences will decline because they will no longer experience that sense of local identity and distinctiveness.

Julian Smith: The hon. Gentleman refers to the limited fat in local BBC stations. Len Tingle, who followed me around for a day last year, persuaded his wife to accompany him on a day out in the Dales and an evening at a B and B. She ended up carrying all his bags and acting as cameraman in the evening. I think that that shows how hard local journalists are working day in, day out.

Mr Wright: I entirely agree.

Another aspect of the local identity and distinctiveness to which I have referred is the fierce passion for and loyalty to an area. My hon. Friend the hon. Member for Sheffield Central (Paul Blomfield), in a far more eloquent speech than I could ever make, presented the case for ensuring that local radio stations are partisan in that sense. It is significant that BBC Tees's strapline is "proud of where we live". The station's championing of new renewable and offshore wind technology in the area is second to none, and its advocacy of the area during the loss of the steel plant in Redcar and its unconfined joy when the plant was sold as a going concern to SSI showed that it would always fight Teesside's case. While he is still in the Chamber, let me pay tribute to my hon. Friend the Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) for ensuring that the plant and its workers remained on Teesside.

Much of that passion for and pride in the station derives from its staff. The presenters, journalists and production staff at BBC Tees are all professionals, and fiercely loyal to the region. Most of the presenters were born and raised in the area, which has given them a knowledge of and affinity with the area that is unsurpassed in any other broadcasting medium. Both Ali Brownlee and John Foster, the former breakfast show host who now presents the afternoon show, were born in Middlesbrough. Neil Green, who currently presents the drive-time show, was born in Hartlepool, was a teacher in the area, and still lives in my constituency. It is important to bear in mind that those people use the same services as their listeners.

Such loyalty and passion, however, are not the same as slavish devotion. The quality of the journalism on the station is extremely high and challenging. I can certainly say, as an elected representative, that we are not given an easy ride when being questioned by presenters. I certainly was not given an easy ride this week when I was questioned about the autumn statement, along with the hon. Member for Redcar (Ian Swales). The station's passion for ensuring that local politics is viewed in the context of what we do here in Westminster is very valuable.

In the run-up to last year's general election, all the candidates for the seat that I now represent went to the BBC Tees studio, where we were questioned and challenged by Neil Green, who also fielded calls from listeners and prospective voters for well over an hour. It is difficult to think of another widely used, indeed universal, medium that would allow such direct democratic challenge, such professionalism, and such reach to and interaction with our constituents. Because many people in my area do not have access to the internet, e-mail or social media, BBC local radio is the sole means by which citizens can question people in positions of authority or people who are standing for election.

Julie Hilling (Bolton West) (Lab): Does my hon. Friend agree that local radio stations such as the Greater Manchester station not only give our constituents a

chance to challenge us throughout the year, but give us a chance to garner support for important local and regional campaigns, such as the campaigns for the Manchester hub and my own campaign here for the teaching of emergency life support skills?

Mr Wright: I entirely agree. As I said earlier, BBC local radio can serve as a champion for particular issues.

In the time left to me, I want to outline my concerns about the cuts to local investigative journalism. The "Inside Out" programme provides in-depth and important local journalism. It is comparable in quality and scope to Granada's "World in Action" in the 1970s and 1980s, and no other current broadcaster or programme, with the possible exception of Channel 4's "Dispatches", is able to match it. In my region, its exposé on Southern Cross care homes and investigation into the supply chain used by the businesses of Mike Ashley, the owner of Newcastle United, were important and showed investigative journalism at its best. The 40% cut to that programme will allow those with powerful vested interests to sleep more soundly in their beds, which should be avoided.

There is, of course, cross-fertilisation between the two elements of the BBC. Local radio investigations and points put forward by listeners can feed into television journalism, and vice versa. The quality of local provision will fall as a result of these cuts, and licence fee payers in my area will receive a poorer service.

Julian Smith: Does the hon. Gentleman agree that the recent policing scandals in Cleveland and my area of Yorkshire would not have been analysed properly had it not been for BBC local radio and television news?

Mr Wright: I entirely agree. The BBC revealed the costs of those police investigations and challenged those in authority on such financial issues.

The world is getting much smaller in the sense that it is becoming ever more interconnected. People have access to news events across the world, such as the Arab spring, in a matter of seconds through BBC World Service and News 24, as well as through broadcasters such as Sky and CNN. Paradoxically, and somewhat perversely, the BBC cuts proposals will result in less local provision, but that is equally important. That should be avoided. One of the BBC's great strengths is its local output, and that should be protected as much as possible.

1.51 pm

Alun Cairns (Vale of Glamorgan) (Con): It is simplistic to complain only about the cuts the BBC is facing. We need to take into account the broader economic perspective. Instead of adopting the top-down approach of considering where savings can be made, our starting point should be to ask the following question: what do we want the BBC to do and to achieve? Let me say at the outset that I am a strong supporter of the BBC. The quality of its output is first class, and it covers subjects that no commercial operator would consider addressing. It responds positively to education and social needs and demands. As a public service broadcaster, it ticks all the boxes and more. However, in doing the "and more" part, does it stifle competition and squeeze out competitors, thereby reducing plurality of provision? A guaranteed licence fee income of £3.5 billion and a total income of £5 billion puts the BBC in a strongly favourable position compared with providers who have to deal with fluctuating advertising income and economic unpredictability.

Critics of BBC budget cuts need to recognise that it may well be able to operate more efficiently in some of the many areas of its output, and, indeed, that it might not need to operate in all those areas, as other providers may be better placed to cover them. To the credit of the BBC—and the Secretary of State for Wales—freezing the licence fee has resulted in its being forced to look at what it does, and the Delivering Quality First agenda is the outcome, although I would suggest that it should be the start of its reaching the desired outcome.

I want the BBC to start by focusing on what other providers might do and what capacity they may have for providing entertainment and information, as the BBC must ask itself how it can ensure that it strikes an appropriate balance in services and subject areas while representing all parts of the nations and regions of the United Kingdom. How can it contribute to innovation, rather than squeeze out competition? Should it operate in every area where there are commercial alternatives, such as in the market that Radio 1 covers? Plurality and news output to target audiences must be considered of course, but do we need to continue with the same traditional approach?

It may be unfashionable to mention James Murdoch at present, and I would condemn him if he were to be found guilty of any of the allegations that have been made.

Ms Harriet Harman (Camberwell and Peckham) (Lab): If.

Alun Cairns: If the right hon. and learned Member for Camberwell and Peckham (Ms Harman) wants to intervene on that point, I will happily respond.

James Murdoch has highlighted that when some years ago Radio 2 was losing its target audience of 24 to 45-year-olds, it paid millions of pounds to recruit Jonathan Ross to try to regain those listeners even though commercial operators already addressed that audience. If that is not an example of the BBC squeezing out competition, I do not know what is.

Does it make sense for the BBC to cover sporting events that ITV, Channels 4 or 5 or Sky would like to broadcast? I agree that we need to look at what should be free to air and whether pay per view is appropriate in all areas, but let us consider the example of Formula 1. The BBC has paid £300 million to screen Formula 1 over a five-year period. That amounts to £3 million per race, yet Sky will also broadcast every race. The partnership between Sky and the BBC is a significant and positive step forward, as it is certainly better than the previous situation of their competing outright, but two issues remain unresolved. First, could not ITV, Channels 4 or 5 or another broadcaster screen that popular sport? Secondly, the simple fact of the BBC bidding with public money will drive up the price and squeeze opportunities for others.

I recognise that the quality of the BBC can give it an edge over other broadcasters, but I remind Members that the BBC covered test match cricket for a long time,

[Alun Cairns]

but the greatest innovations in the coverage of the sport occurred when the broadcasting rights were won by Channel 4 and then Sky, who took coverage to a much more sophisticated level. Innovations such as Hawk-Eye were introduced and a more informal approach to cricket attracted more viewers and new audiences.

I pay tribute to the BBC's website coverage, which has set the standard for such output. It covers national and regional news in a structured way, and addresses subject matters across the spectrum from hard news to social gossip. It is an excellent example of the innovation the BBC can achieve. Yet if it continues to dominate this part of the market, that could prevent other providers—newspapers, broadcasters or even new entrants—from having the opportunity to innovate. The BBC set excellent standards, but it needs to consider whether there should be a subsequent, partial withdrawal when the market has matured.

I strongly support the BBC's activities in areas where the market cannot provide. News in general is extremely important, and without the BBC's news activities in many parts of the UK there simply would not be any coverage of significant news or social or cultural events. Wales and Scotland are of particular relevance in this regard, especially with the advent of devolution.

Other Members have talked about local television, so I shall now briefly address a parochial issue. The UK press does not always cover Wales as adequately as it should. This is where the BBC comes into its own of course, but in Wales its implementation of the Delivering Quality First agenda involves a squeeze on its political coverage. It argues that news is not being cut under the current proposals, yet there is a reduction in political output. Politics is news, so there is obviously a cut to news.

Although the BBC has, to its credit, responded well to devolution, that should not be achieved at the cost of coverage of non-devolved matters. Over recent years, there has been a trend to reduce political coverage on mainstream news outlets. Welsh questions have been covered on a mainstream outlet in Wales since 1987, but under current proposals that will no longer be the case.

Glyn Davies: Does my hon. Friend agree that Members of all parties must not stand back on this issue? Instead, we must raise our voices to complain, as a former controller of the BBC has urged, so that we in Wales get the coverage we deserve?

Alun Cairns: I am grateful to my hon. Friend for that intervention, and in his speech he highlighted that very point, and I underline it and pay tribute to it. Let us all have confidence about complaining to the BBC when we are unhappy so that it can respond. If we do not air issues and concerns, how will the BBC know about them?

I recognise that we, as politicians, are not the most popular people in the world. I would suggest, however, that some of the issues we debate are at least sometimes relevant to mainstream outlets in the nations and regions of the UK. There is no proposal to change coverage on the English regional output—granted, there will be local changes to BBC radio in England, but in Wales that situation does not exist.

While I am discussing Wales-related issues, I want to join my hon. Friend the Member for Montgomeryshire (Glyn Davies) in recognising the deal on S4C and I pay tribute to the BBC and the Secretary of State for delivering what he promised at the outset: a channel that was well funded, secure in its funding for the future and operationally and editorially independent. There were many sceptics in the debate, but even they have now been won over. I support the tribute that was paid to Elan Closs Stephens and to the chairman of S4C, Huw Jones, at the end of the negotiations, despite some of the difficult tensions among the membership of the authority.

Let me return to the broader issues. I know that the BBC has made significant progress on salary levels, but there remains scope for some further progress, particularly in relation to talent. I know that Graham Norton's deal reduced from £16.9 million over three years to £4 million over two.

Karl Turner (Kingston upon Hull East) (Lab): I am grateful to the hon. Gentleman for giving way, especially as I just came into the Chamber a few minutes ago. He talks about salaries at the BBC. Would he take this opportunity to make a comment about Jeremy Clarkson and say something about responsibilities coming with salaries?

Alun Cairns: I would certainly underline that point, but we should bear the context in mind. I did not see the broadcast and although I have read some reports about it, I would like to watch it before I comment specifically. I have no doubt that the Secretary of State will refer to it when he sums up.

I was talking about salary levels and progress has been made, but Graham Norton still earns £4 million over two years. I am sure that if that amount was squeezed further, he probably would not walk. Reference has already been made to the fact that David Dimbleby earns £15,000 per episode. Anne Robinson's salary was cut from £4 million over two years to £2 million over two years. Demand for such roles clearly outstrips supply and the BBC has a fantastic ability in developing talent. It generates the supply as well as satisfying the demand. There is no excuse for paying such salaries to those people.

Julian Smith: Does my hon. Friend agree that work needs to be done to ensure that management salaries at the BBC in London and the south are much more equitable with management salaries and executive salaries in the north?

Alun Cairns: I am grateful for that point. The ultimate test is transparency and that is an area where the BBC has taken some small steps. For comparison, the agenda of the Government as regards local authorities, where every invoice in excess of £500 is published, leads me to expect the BBC to go that way, too. That greater transparency would allow people to judge and would better inform the BBC about its judgments and, no doubt, misjudgments, on occasion.

In the minute I have left, let me refer to Professor Anthony King's report about how the BBC must better reflect the nations and regions of the United Kingdom on the network. It has taken some positive steps. For example, "Doctor Who" has been highlighted in this

debate and it is now filmed and produced in Cardiff. There is a significant shift to Salford, too, but that does not get away from the fact that television from the nations and regions of the UK about the nations and regions of the UK should be broadcast on the network. Let me highlight, for example, "Boys from the Blackstuff", a pioneering programme about Merseyside that educated significant numbers of people about some of the culture there. "Auf Wiedersehen, Pet" was a programme that made the north-east attractive to many people, and it brought it out through the characters. We need to see more of that sort of innovation and I am grateful to have had the opportunity to highlight it.

2.4 pm

Angela Smith (Penistone and Stocksbridge) (Lab): I congratulate the Backbench Business Committee on giving us this debate today and the Members who called for it, particularly the hon. Member for Cleethorpes (Martin Vickers) and my hon. Friends the Members for Great Grimsby (Austin Mitchell) and for Hayes and Harlington (John McDonnell). I called for such a debate in my Westminster Hall debate on this issue, because I feel very strongly that we must ensure that the BBC and the Government understand the depth and strength of feeling on the issue. More than 50 MPs tried to speak in the Westminster Hall debate—obviously, not all of them could get into a 90-minute slot, so this is a welcome opportunity to extend the number of voices heard in Parliament on this topic. Those voices need to be heard.

The BBC Trust is planning to achieve savings of about £670 million a year by 2016-17, with a net loss of about 2,000 jobs across the piece. The £670 million-worth of savings identified will be lumped together with £30 million of savings generated by exceeding the targets for the BBC's current efficiency programme, which will result in total savings by 2017 of 20%. By anybody's standards, that is a fairly significant cut in funding for our public broadcaster. The question is: why is that being done? Why are we seeing that level of cuts?

We know that the cost of the licence fee has been frozen until 2017, yet it has gone up by just £10 since 2007 and now costs just over £12 a month for all the TV, radio, websites and live events covered by the BBC. That compares with about £60 a month for some subscription services and, as the National Union of Journalists has pointed out, if all the current licence fee-paying households contributed just 7p extra a day, the cuts could be stopped. It is important to underline the facts that lie behind the measures that we are discussing. It is critical to point that out.

Of course, everybody has been talking today about what is good about the BBC. Many people have drawn attention to "Doctor Who" and I think it is worth drawing attention to some of the very expensive programmes made by the BBC, which are among the most loved of its output. "Frozen Planet", for instance, is an amazing series. Everybody is now aware of the images of the criminal penguins that are doing the rounds on the BBC. "Springwatch" and "Autumnwatch" are very expensive programmes to make, but their educational value, never mind their entertainment value and their value in raising awareness of the environment, means that I would hate to see them disappear from the BBC's output. They must be expensive to make—they are live and they involve a lot of filming over a long time.

As I said, everybody has mentioned "Doctor Who", but I would also mention "Torchwood", which, in my view, is one of the best programmes on the BBC. The maker of "Doctor Who" and "Torchwood" is Russell T Davies, who is one of the best programme makers of my generation. The right hon. Member for Bath (Mr Foster) mentioned this earlier—I wonder whether Russell T Davies would be the programme maker he is today without the investment in developing good programme makers that we have had from the BBC in the past. I would not like to see people like Russell T Davies walk away from the BBC. They are amazing and creative people and that quality makes the BBC better than any other public service broadcaster in the world.

Julian Smith: Out of interest, where does the hon. Lady stand on "Mad Men"? What is her view of American imports and, in particular, of that great show?

Angela Smith: I must confess that I do not watch "Mad Men". I want to focus on the output of the BBC today.

In the end, the cuts to local radio proposed by the BBC are the most worrying. As the NUJ has pointed out, under the plans 22% of local radio output will go at a time when listening figures are going up. Current affairs and investigative programming will be badly affected across the board, but 40% of the reductions are outside London, which will have a disproportionate impact on local radio broadcasting. On top of that, as my hon. Friend the Member for Sheffield Central (Paul Blomfield) pointed out, output will go regional at local level, which is a contradiction, at 1 pm. Drive-time broadcasting will be local but then output will go national after 6 pm. On Sundays, local broadcasting will finish at 1 pm. The total reduction in local broadcasting is about 50%. We have had a pilot on afternoon regional programmes in south Yorkshire and it did not work. Many of the people in south Yorkshire who would tune in to Paulette Edwards tuned out as soon as they realised it had gone regional. As I said in the Westminster Hall debate, we are not parochial but we listen to local radio for a reason—because we want to hear about local news, local politics and local concerns. If we wanted to go regional or national, we would tune in to another station.

Local radio serves a very important purpose and delivers to a specific socio-demographic audience, as was pointed out earlier. The point has been made about the age profile of Radio Sheffield, but it should also be placed on the record that two thirds of the station's audience are classed as C2DE—in other words it has a working-class audience. Many of those people listen to no other station than BBC Radio Sheffield. It is true that Radio 2 and Radio Hallam get a bigger audience in south Yorkshire, but the reach and audience of Radio Sheffield is significantly higher than the 12% Radio 4 weekly audience of 157,000 and the audience of Radio 5 Live, which reaches 126,000 listeners across the week—just 9.9%.

It is crucial that the BBC Trust gets this decision right. My hon. Friend the Member for Sheffield Central pointed out how passionately people believe in their local radio station, and I want to underline that point. What we enjoy about Radio Sheffield is the diversity of its output and the way it connects with its audience.

[Angela Smith]

This is a critical point. My hon. Friend made some funny comments about the sports coverage on Radio Sheffield and I point out that fans of Barnsley FC, Doncaster FC and Rotherham FC also rely on Radio Sheffield for distinctive and very partisan coverage. We must maintain that. I will counterbalance the point he made about Sheffield United by pointing out that Sheffield Wednesday fans, of whom I am one, are also keen Radio Sheffield listeners. On his point about Sheffield United playing Leeds United next year when they are promoted, I must say that they will have to get past Sheffield Wednesday first—they are fifth in the table and we are second—so we will see how that goes.

I want to emphasise the loyalty that there is for BBC local radio. Last Saturday, I was out canvassing in Penistone picking up lots more Labour votes—the swing to us there is quite significant—and I found what one lady said particularly interesting. She said, "I know who you are: I hear you on Radio Sheffield." One thing that Radio Sheffield does is debate local politics in a very fair and balanced way, giving it significant coverage. She went on to say, "I absolutely love Radio Sheffield and Toby Foster—there's nobody else I would listen to in the morning." A lot of people would say the same about Rony Robinson, Paulette Edwards, Howard Pressman and all the other broadcasters on Radio Sheffield. That is the point—the proposals put forward by the trust will have a disproportionate impact on local radio. It must listen, take note and change its plans. I also think that the Government should think again about freezing the licence fee.

The hon. Member for Vale of Glamorgan (Alun Cairns) said that the BBC has an unfair advantage over some of its competitors. However, Radio Centre, which is the industry body for commercial radio, has said:

"While we understand that the BBC needs to make savings to meet the terms of its licence fee settlement, we do not"—

the word "not" is underlined—

"accept that this should inevitably lead to its most distinctive output being diluted."

Even commercial radio understands the role that local radio has to play in delivering cultural, political and social services to the people of this country. I urge the House to support the motion.

2.16 pm

Pete Wishart (Perth and North Perthshire) (SNP): It is a great pleasure to follow the hon. Member for Penistone and Stocksbridge (Angela Smith). I am very much enjoying all this football banter between northern Members of Parliament and finding out about all these broadcasters whom I had not heard of, such as Ali Brownlew and Toby Foster. I am going to have to tune into some local radio services in the north-east. Obviously, they provide a first-class service; we would not expect anything else from local radio in the north-east.

Hon. Members might be surprised to hear that I am not going to speak about local services. I am going to speak about national services, but not those provided by the wonderful Radio 4, Radio 2 and Radio 1. I am going to talk about the impact of the cut on national services in Scotland. We will experience a disproportionate cut compared with that across the United Kingdom. Scotland is not a region—it is a nation, and a nation needs a specific type of broadcasting capability available to it. We have our own national Parliament, which as everybody knows has many significant legislative powers. We have our own civic institutions, we have our own legal system and we provide education and health services entirely differently from the rest of the UK. As everyone knows, we have our own national culture and we require that to be reported in a remarkably different way from any other region in the United Kingdom. That is why it is absolutely critical that we get the correct resources to ensure that our nation is served adequately.

Alun Cairns: Does the hon. Gentleman feel that Wales, which is also a nation in its own right, has the same needs as Scotland?

Pete Wishart: Yes, is the short answer. I am very grateful to the hon. Gentleman for turning up today. There are two Welsh Conservative Members of Parliament present and we are hearing from Members from right across the United Kingdom, but is it not unfortunate that other than the hon. Member for Midlothian (Mr Hamilton), who is here on Whip's duty, there is not one of the 40 Labour Members from Scotland here to debate such an important and significant issue as the BBC in Scotland? It is a real tragedy that they would rather turn up and vote on English issues than discuss issues of real importance for the people of Scotland.

We need a BBC that is properly resourced to cover adequately what is happening in England, but what is happening is that one nation's BBC services are being protected at the expense of another's. Lots of people in Scotland like Radio 4, and when I am in London I put the *Today* programme on, but what we learn from the *Today* programme is usually about the NHS in England and education in England and Wales. I like hearing about the NHS in England and finding out what is going on within the education services in England and Wales, but that means absolutely nothing to me or my constituents. We are continually served up a diet of UK news that is totally inconsequential to Scotland.

The hon. Member for Vale of Glamorgan (Alun Cairns) made this point and it was also pointed out by Anthony King, who produced a very good and detailed report on how the BBC broadcasts in the nations and regions. It still has things absolutely wrong.

Alun Cairns: Does the hon. Gentleman agree that although the BBC has taken a positive step, partly to respond to Anthony King, by moving to other parts of the UK for broadcasting, nothing replaces the broadcasting of Scottish, Welsh and Northern Irish issues on the network as well?

Pete Wishart: Absolutely. That was a key feature of the King report. He said that a lot was being lost in relation to Scotland and Wales when it came to national news reporting. Sometimes, we got the funny little story at the end about going up to Loch Ness or Snowdon or somewhere and giving an amusing little anecdote to end the news, but in terms of significant reporting of news concerning Scotland, Wales and even the English regions, there was absolutely nothing.

The King report made another important point, which the hon. Member for Vale of Glamorgan will recall. Some English journalists had to be sent on devolution

training so that they would start to understand the difference between devolved powers and reserved powers and work out how to communicate that to the rest of the nation. They still get it absolutely wrong sometimes. We get it so often that we are becoming a little tired of it in Scotland and, presumably, in Wales and possibly in some of the English regions.

A particular type of approach is required when broadcasting for a nation; we have very different requirements, in terms of how the everyday experiences of the Scottish people are reflected and reported, and how the news agenda is shaped. That is why the cuts will have a disproportionate impact on the people of Scotland. Let me detail what we will experience in Scotland. One in 10 jobs at BBC Scotland is to be lost, and there is to be a reduction of about 16% in the total budget. BBC Scotland's news operation and support staff will be hit hardest by the cuts. Between 100 and 120 jobs will be lost at the Pacific Quay headquarters in Glasgow by 2016-17. It is feared that production operations, and online and Gaelic services, and perhaps sport, will be cut and hurt. BBC Scotland's news operation is to lose 30 jobs; 20 jobs will be lost at Radio Scotland. Craft and production will shelve 35 jobs, and operations and support will lose another 30. The whole future of the BBC symphony orchestra is still under review. That is on top of efficiency savings that will cost some 20 jobs.

The future of BBC Scotland's "Newsnight Scotland" programme—affectionately known as "Newsnicht" down here—is under threat. It is an important feature of the news output and agenda in Scotland. It gives us the only opportunity that we get in the evening to go over, debate, and comment on what has emerged during the day in the Scottish Parliament, elsewhere in Scotland, or down here. I enjoy turning up at 11 o'clock in the evening to contribute to "Newsnicht".

The problem with "Newsnight Scotland" is that although there has been an assurance from the BBC that it will be maintained, BBC 2 will be making a transition to high-definition television, and there is not the capability or opportunity for opt-outs for the nations or the regions. If the BBC is listening to this, I hope that it will tell us what it will do to ensure that we continue to get "Newsnight Scotland", because it is a critical feature to so many people who are interested in the daily political and cultural diet in Scotland.

The Broadcasting Entertainment Cinematograph and Theatre Union in Scotland says that the scale of the cuts means that it will be almost impossible to ensure that the job losses will happen through voluntary redundancies; compulsory redundancies are likely. It is so concerned about the scale of the cuts in Scotland that industrial action has been talked about, and might be a feature, unless we get the problem resolved.

People are taking the issue into their own hands in other ways, too. There is a fantastic campaign about "introducing…", which is a little programme on Radio 1 on a Monday evening, from 10 pm to 12 midnight. There is "introducing…in Northern Ireland", "introducing…in Wales", and "introducing…in Scotland". That is under threat by the BBC. They are great programmes; they give many new artists and bands a radio platform for the first time in their career. They are responsible for the early development of artists such as Paolo Nutini and Calvin Harris. Bands such as Biffy Clyro and Frightened Rabbit sent their first demos to "introducing…", and they are now to go.

Such is the response to those little programmes on Radio 1 that a petition on the subject has already secured the signature of some 6,000 people—more, per head of population, than the petition to try to save Radio 6. That is how much concern there is about it in Scotland. That is the type of impact that there will be on local services. I am grateful to the Under-Secretary of State for Culture, Olympics, Media and Sport, the hon. Member for Wantage (Mr Vaizey), who will meet campaigners who are trying to save the programmes. I have not had a response from Mr Thompson; perhaps we could have a discussion about his coming to meet the campaigners, so that he can explain to them why that iconic little programme is to be shelved. The proposal is ridiculous, because it will not save any money; there will still be an "introducing…"; it will just broadcast across the United Kingdom. The individual identities of the programmes, and the opportunity for bands from Northern Ireland, Wales and Scotland, will be lost. You know, Madam Deputy Speaker, how passionately I feel about the music industry and opportunity for young artists. I really hope that the BBC thinks again.

I have only a few minutes left and a number of issues to raise. The reason I am so annoyed by, and angry about, the BBC cuts in Scotland is that we do not even get our population share's-worth back from the BBC. We in Scotland are actually subsidising the BBC; we give more through the licence fee than we get back in services. I am appalled that Scotland has to subsidise the BBC for the rest of the UK, just as we have to subsidise the rest of the UK when it comes to resourcing, and the balance of payments to the Treasury. That is a feature that we have had to put up with. If we have to subsidise the BBC's television and radio services, let us do what we can to protect the services that we have.

We will need a properly resourced BBC, because there will be a few big issues coming Scotland's way in the next few years. We will ask the people of Scotland to make one of the most substantial and important choices that the nation has ever had; they will have the opportunity to say yes to becoming a normal, self-governing nation, like those throughout the rest of the world.

Mr Iain Wright: When?

Pete Wishart: It will be in the second half of the parliamentary term, as was set out in our manifesto; that will be delivered. The BBC will have to be properly resourced to ensure that we can continue to inform the people of Scotland about this important choice. That is why we need BBC services to be properly resourced.

Back in 2005, production output from Scotland was below 4%; that was appalling, particularly given that, as I have said, we subsidise the BBC. Progress will be made on that, as the Secretary of State knows. All credit to the BBC: it has improved the situation. We are getting close to our population share target of 9% for production, and there is a commitment to meet that target by 2016. I do not know how cutting the BBC in Scotland so dramatically will help to achieve that. Again, I would like the BBC to explain how we are to hit those production targets by 2016 if we are to cut so deep and so hard in the BBC in Scotland. I hope that the BBC recognises

[Pete Wishart]

that what I am talking about is not a local or regional, but a national service in Scotland. Our nation is losing out.

Mr David Hamilton (Midlothian) (Lab) *rose—*

Pete Wishart: Of course I give way to Scottish Labour.

Mr Hamilton: I thank Peter "nae pals" for his contribution. Surely he should unite with everyone else on the Opposition Benches, because the same cuts are affecting all of us. Surely it would be more helpful for him to unite with the other Opposition parties, rather than arguing his single line, as he usually does.

Pete Wishart: I am grateful to the hon. Gentleman. I am four-square behind colleagues who want to ensure that regions and local areas of the United Kingdom retain services; they are losing their services at the expense of UK services such as Radio 4. Let us keep the local and national services. I say to the BBC: have another look at the impact of the cuts. Do well by the nations, the regions, and local radio.

2.27 pm

John McDonnell (Hayes and Harlington) (Lab): I want to speak about the decision-making process that has been taking place over the past couple of years, which has, to be frank, been a nightmare. I am grateful to the Backbench Business Committee for giving us the opportunity to hold this debate. My hon. Friend the Member for Great Grimsby (Austin Mitchell) set out the overall implications of Delivering Quality First. He chairs the National Union of Journalists parliamentary group, of which I am the secretary. We have lived with the process for the last two years. We have met the staff who have lost their jobs already, and the staff whose careers are now at risk.

What comes out of every one of these debates is a consensual view across the House about the importance of the BBC. It is always described as a jewel in the crown of British culture, and as setting world standards in public service broadcasting. Many Members have emphasised its critical role as a foundation stone of local and national democracy. However, as a result of Delivering Quality First, as Members have set out, there will be significant cuts over time, which not only undermines the BBC's potential to maintain those standards but shows that there is an agenda about the long-term future of the BBC itself.

It is important to discuss how we got here. There is a lesson for future Governments about how decisions are made on the issue. Never again should we have to go through this process. This is not just a budgetary exercise. The assault on the BBC is driven by an agenda that has been set elsewhere. I remember the James Murdoch lecture in 2009 at the Edinburgh television festival, in which he set out an agenda which, regrettably, the Government are following almost to the letter. He set out the objective of the Murdoch empire to deregulate the media overall and undermine the BBC by cutting its supply of funds.

Alun Cairns: Does the hon. Gentleman not accept that the freezing of the licence fee has made the BBC look at its activities and, at the very least, has reduced the salaries of some of the highest-paid people in broadcasting?

John McDonnell: There are always benefits from a process like this. My concern is about the long-term future and some of the short-term implications that the hon. Gentleman himself pointed out. We should not wander into this debate naively, because there is a separate agenda, which was set by James Murdoch at that time. The tone of sheer arrogance in that speech somewhat contrasts with the tone of his performance in the hearings by the Select Committee on Culture, Media and Sport. In that speech, he proclaimed his advocacy of Darwinism, and he said that he believed in natural selection in all things, particularly within the media market. It was like Gordon Gekko in "Wall Street" saying, "Greed...is good." James Murdoch proclaimed that the law of the jungle worked. It was almost Orwellian. I shall quote him exactly:

> "There is an inescapable conclusion that we must reach if we are to have a better society. The only reliable, durable and perpetual guarantor of independence of the media is profit."

That is exactly the agenda that was set. It is that philosophy in other sections of the media that has led us all the way down to the Leveson inquiry and the descent of parts of the media into the gutter. This is not a conspiracy theory. I do not need to mention the 11 occasions on which the Prime Minister has met Murdoch's News International. I do not need to mention the six occasions on which the Secretary of State for Culture, Olympics, Media and Sport has done so, or the three occasions on which the Deputy Prime Minister has done so. I do not think that it is part of those meetings; I do not think that it is part of a conspiracy. I simply think that the Government share that agenda.

Jesse Norman (Hereford and South Herefordshire) (Con): Until the hon. Gentleman began to personalise this and mention individuals, I was prepared to share some of his concerns about the Murdoch speech and some of the claims that were made. Two things should be perfectly clear. First, many Government Members feel very warmly towards the BBC, and want to enfranchise and support the tradition of public service broadcasting, which it does better than anyone else in the world. That comes not just from Back-Bench Members but, I am thrilled to say, from the Secretary of State and the Prime Minister.

The second thing is—

Madam Deputy Speaker (Dawn Primarolo): Order. This is an intervention, not a speech. *[Interruption.]* Yes, but interventions must be brief, and we are coming to the end—*[Interruption.]* Will the hon. Gentleman take his seat? This debate is due to end at approximately 3.15 pm, and there is a time limit for speeches of 10 minutes for Members who have been in the Chamber all afternoon. Throughout, I have implored all Members to make their interventions brief. I am not negotiating with the hon. Gentleman: I am telling him that he should make his intervention brief, and not make several points.

Jesse Norman: Thank you very much indeed, Madam Deputy Speaker, I appreciate that.

Does the hon. Gentleman not agree that his position would be much stronger if he focused on the benefits—the lowering of salaries, much greater flexibility and competition in the market—as well as the negatives as he sees them?

John McDonnell: The hon. Gentleman is a new Member, and I understand the point that he has made. Other Members have made that point. I do not want to criticise him, but if he had been here throughout the debate, he would have heard them make those specific points. I want to make my specific points, not seek to replicate or repeat other points that have been made, if that is okay with the hon. Gentleman.

I simply make this point. My concern is that this is not just a cost-cutting exercise. It is part of a political agenda that, in the long term, is aimed at undermining the BBC. It has been set outside Government—not in Government—but the Government concur with it. Secondly, I was here with the right hon. Member for Bath (Mr Foster) and my hon. Friend the Member for Great Grimsby, and was involved in discussions on the licence fee settlement. I never ever want to go through that exercise again, because it put at risk the future of a whole range of people, and that was not taken into account.

I remember the Secretary of State advising the director-general of the BBC in August 2010 that there would be a long consultation on the BBC licence fee, which would be determined the following spring. However, I also remember—my hon. Friend the Member for Great Grimsby has alluded to this—that weekend in October, and the 48 hours in which the Government brought the BBC in and threatened it. The right hon. Member for Bath is right: the BBC was threatened either with the licence for the over-75s being taken over—in other words, a £530 million cut immediately—or it had to take on proposals on the World Service, BBC Monitor and the Secretary of State's grandiose plans for the future of television development. It was placed in an invidious position and there were threats of resignation, which created pandemonium in the settlement process. We had thought that the process would be a rational debate that this House could shape or influence in some way, but in fact it was the grubbiest deal we have seen in any public sector settlement of recent years. The people least taken account of were the workers who supply the service itself, which I think was disgraceful. If we learn nothing else across the parties, we should learn to behave in such instances in future.

What are the implications? One implication is that the management must now implement another 1,000 job cuts on top of the 7,000 that have been made since 2004. They are implementing those cuts with exceptionally limited consultation or engagement with the unions. Agreements are being torn up before workers' eyes with minimal consultation.

My hon. Friend the Member for Great Grimsby referred to the meeting of BBC NUJ reps in Belfast on 14 October, which involved all staff, who were anxious about the process. I can quote the director-general—the problem with speaking in front of trained journalists is that they normally know shorthand—who said:

> "If you're really that unhappy, if you think that you can't do your best work here then leave—no-one is forcing you to stay."

That is real management empathy—unfortunately, *Hansard* does not do irony—with people, many of whom are about to lose their jobs. Such behaviour by management would be unacceptable in any structure, whether public or private. It resulted, for the first time in the BBC's history, in a vote of no confidence by the staff in the director-general and his competence to manage the organisation.

I urge the BBC to pull back and start engaging in proper discussions and consultations. Otherwise, as the hon. Member for Perth and North Perthshire (Pete Wishart) said in relation to Scotland, some unions might move towards industrial action unless there are proper negotiations and their views are taken account of properly. I agree that that raises the issue of salaries in the BBC, and not just for the stars, but for management overall. I think that it is obscene that the director-general earns four times more than the Prime Minister. As has been said, we should consider the high level of salaries throughout and, in particular, the inequality between the high and low salaries. In a public organisation that is simply unacceptable.

A number of Members have raised concerns about local radio services, and we could list them and put the lists in the House Library for Members to see, but the cuts to stations right across the piece are effectively undermining local radio as we know it. It has recently been praised very affectionately in two debates, yet BBC management does not seem to take account of the views of Members expressed here. I do not believe that S4C is safe in the long term or that the deal will hold. I think that the Government will come back for more cuts. It is not about freezing the licence fee, as I think they will come back for further cuts in future years.

I am also anxious about the World Service. The right hon. Member for Bath has worked with us on that and there has been excellent cross-party work to try to protect as much of the World Service as we can, but there have already been cuts and I think that it is still in jeopardy overall. Political coverage is being undermined not only in the regions, but nationally, as we have seen 2,000 jobs going in some of the BBC's core political reportage.

Overall, I am deeply anxious about the settlement. The only way now is to have a proper discussion—the discussion we should have had last year. Instead of it being bounced through in 48 hours, there should have been a proper discussion and consultation, and I believe that the only way forward now is to reopen the licence fee debate.

Let me say just one final thing on two parochial matters. Several hon. Friends have mentioned the Asian Network, a service that has grown over the years into one of the country's most popular and well received stations and brought about social cohesion as the BBC is meant to, but a 50% cut in the Asian Network will, as every Member knows, undermine that service, and it will be picked off. That is salami-slicing, and it undermines the viability of particular services.

On my local BBC radio station, Radio London, sport is one of its most popular elements, but we are now told that cricket, rugby league and rugby union will no longer be covered, and that football coverage will be curtailed. As a result of such cuts, a station eventually loses its listenership, and that in turn threatens the viability of the station itself.

That is what we are fighting for. We are fighting not just against marginal cuts, but for the future of the BBC, the future of local radio, the future of specialist

[John McDonnell]

services such as the Asian Network and the future of services for the nations, regions and principalities that are under threat in the longer term. The only way in which they can be saved is by breaking the Murdoch agenda, by getting back to a discussion about the BBC as a public service, the jewel in the crown, and by reopening the debate about the licence fee—so that we can have a viable BBC for the long term.

2.40 pm

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): It is a pleasure to follow my hon. Friend the Member for Hayes and Harlington (John McDonnell), who, along with many Members, has made a fantastic speech. I, too, congratulate my hon. Friend the Member for Great Grimsby (Austin Mitchell) and the Backbench Business Committee on securing this important and timely debate. Many Members in the Chamber today took part in the Westminster Hall debate that was so over-subscribed and well attended, and, likewise, the topic has come up time and again at many Culture, Media and Sport question sessions over the past year, so our opportunity for a debate today in the Chamber is a timely one.

We have heard from many Members about the different casualties of the Delivering Quality First review, none more tragic than the 2,000 people throughout the BBC who will lose their jobs as a result of it. I, too, will focus on the impact of the review on local radio—and in particular, on BBC Radio Merseyside.

It is clear from every contribution so far that all Members and the public rightly cherish the BBC, which is a source of national pride because of its quality, role in our public life and commitment to educate, inform and entertain, but it is clear also that the BBC faces a huge challenge. The licence fee freeze until 2017 is the worst in its history, and, given that it has to shoulder the costs of the World Service, it is obvious that many difficult decisions need to be made.

Unfortunately, the BBC has exacerbated those difficulties by producing a set of reductions that are, in some part, fundamentally unfair: unfair because local radio faces a disproportionate cut while larger budgets are protected; unfair because local radio provides a true community service to an audience who rely on it; and unfair because the cuts will mean an end to local news-gathering and locally produced content.

The 39 BBC local radio stations throughout the UK are a unique and popular part of our media landscape, and severely reducing their output would be a huge loss. Throughout the UK, 7 million people listen to their local BBC radio service, of whom 2 million listen to no other BBC radio station. As well as being popular, BBC local radio is also value for money for the listener, costing on average 3.2p per listener hour, compared with BBC 1 on television, which costs 6.7p per viewing hour, and BBC Radio 3, which costs 6.3p per listener hour.

All in the House have seen the value of their local BBC radio station when it has come to emergencies—we heard examples of flooding—or to the disturbances this summer. BBC Radio Merseyside played a very important role in informing the public of where they should and should not travel and of where the disturbances were, and in dispelling some of the myths that popped up on social media sites.

If BBC local radio goes, we will lose a vital service that reflects, celebrates and affirms countless local identities.

Tracey Crouch: Will the hon. Lady give way?

Luciana Berger: If the hon. Lady will forgive me, I will not, because I am conscious of the fact that one more hon. Member would like to speak before the winding-up speeches begin.

The feeling from those I talk to who work at the BBC is that local radio is being set up to lose its audience, so that it can be scrapped completely at the next licence fee settlement. I sincerely hope that that is not the case, because as a Liverpool MP I see the real value of local radio every day. That is why I have been campaigning against the cuts and why over 1,500 people signed a petition that I had on my website, which I presented to Parliament a couple of weeks ago. For many people, BBC Radio Merseyside is the voice of the city, and it is home to some of its most famous institutions, including the Roger Phillips show and the Billy Butler show. It is also hugely successful. It is the most listened to station outside London, with over 300,000 listeners who, on average, tune in for a staggering 16.2 hours a week. Yet the station will be one of the worst hit by the changes and will see its staffing funding reduced by 20%. Radio Merseyside is already run on a shoestring compared with the larger BBC services. Worse, as the majority of expenditure at the station is on fixed costs such as buildings, any budget reduction of this size cannot be made without a disproportionate loss of locally produced shows and cuts in jobs.

Given that, it is rather strange that no cuts will be made to Radio 4, which has an annual budget of £99 million—it is more than twice the size of the largest commercial station in the UK. With 66% of the licence fee spent on television, it is hard to understand why funding for BBC 1 has been cut by only 3%. I do not believe that it is impossible to find savings from these significantly larger budgets. For example, "You and Yours" is a show on Radio 4 that is aired for one hour a day, five days a week. It is a very informative programme, and I enjoy listening to it when I get the chance. However, there are more people working on that one radio show for five hours a week than there are in the entire staff complement at BBC Radio Merseyside. Is the BBC really saying that it cannot find any savings from that programme, or from its other larger radio stations or television stations? To me, it does not add up.

Alongside the reduction in funding, another planned change is the sharing of local radio programmes between groups or clusters of stations, so that at certain times of the day, instead of having individual local programmes, stations will share programmes with neighbouring city stations up to 50 miles away. Other Members have spoken about the impact that that will have in their localities. In reality, it means that there will be no local programming for large parts of the week. Localness is the DNA of local radio—the clue is in the title. Once one dilutes this service, one fundamentally changes the relationship between the provider and the listener—the licence fee payer. Local radio may be seen by senior managers as a quick and easy way to cut costs, but the

listeners, who are primarily aged over 55 and in the lower socio-economic groups, and for whom local radio is not only a friend but a lifeline, do not agree. Local radio programme-sharing was tried in parts of the north in the early 1990s, and it failed to connect with audiences and to attract listeners, particularly in areas with a strong local identity such as Merseyside and Tyneside. It is true that many stations in the midlands and the south of England have been sharing programmes for some years, but they are seldom the stations with huge listening numbers.

BBC senior managers will talk about "value for money" from the licence fee. I agree that that is crucial, but the planned cuts are not equal in impact. The impact on local radio will almost certainly cut much deeper, with the likely loss of broadcast journalist jobs, including reporters and producers, reducing news coverage and programmes. Local radio therefore gets a double whammy—fewer local programmes and huge job losses, resulting in a much reduced news and information service. This comes at a time when other local news providers such as newspapers have been frantically reducing staff as they struggle to cope with the effects of the recession and influx of web-based news services. It seems that the BBC is keen to reduce service in the one area of the market where there is a discernible gap.

The BBC has said that the consultation on the Delivering Quality First proposals will be a genuine one. I have written to the BBC about this, as have many of my constituents and many Members here today. I hope that senior managers will listen to what the public are saying. To be fair, the BBC has a strong tradition of doing that, and I expect it to continue. Some press reports suggest that the BBC might be listening to the calls from various Members and that in the coming days we might see something of a U-turn on the cuts to local radio. That would surely be welcomed by all of us, as the current proposals are unfair and the BBC should rightly think again. I sincerely hope that Members on both sides of the House will support the Backbench Business Committee motion.

2.49 pm

Nick Smith (Blaenau Gwent) (Lab): I congratulate my hon. Friend the Member for Great Grimsby (Austin Mitchell) on initiating this debate.

At a recent session of the Public Accounts Committee, of which I am a member, we heard how the BBC delivered the efficiency savings requested under the last licence settlement but maintained its high standards. That must be acknowledged. In 2004, 64% of the public said that the BBC

"maintains high standards of quality".

Today, the figure is 78%. At the moment, 80% of people are happy that the BBC exists, compared with just 72% in 2004. The key factor in achieving those savings was new technology. We have to be concerned about how future savings will be made, given that the savings in some sectors may already have been maximised and further staffing cuts of 10% are planned. Quality and a broad range of programming across the UK must be maintained.

I give special mention to the BBC World Service, which has done an excellent job over the past year in covering the phenomenal events in the middle east and north Africa. I look forward to the further development of world television.

The public rightly value programmes such as "Frozen Planet", which other colleagues have mentioned, that are visually stunning as well as informative. People also value the BBC as an effective consumer champion in the UK and in Wales. BBC Cymru Wales is covering a story about car parking management in my constituency, following a high number of customer complaints. The car park operator has complained to me that the BBC's filming of the car park "created a general disturbance", and he has lambasted its "grossly unethical mafia-style actions". That surprised me because I think that the BBC is doing an excellent job in reporting that important local story. The BBC is not afraid to ruffle feathers or to pursue consumer rights. That is another reason why it has massive public respect.

Finally, I thank the Backbench Business Committee for agreeing to this debate. It is important that we recognise the huge value of what is the world's best broadcaster.

2.52 pm

Ms Harriet Harman (Camberwell and Peckham) (Lab): It is a pleasure to follow my hon. Friend the Member for Blaenau Gwent (Nick Smith).

My hon. Friends the Members for Liverpool, Wavertree (Luciana Berger), for Penistone and Stocksbridge (Angela Smith), for Sheffield Central (Paul Blomfield), and for Hartlepool (Mr Wright) put forward a compelling case for the BBC to think again about local radio. Surely the BBC will think again given the passion and the forensic arguments of hon. Members from all parts of the House.

I thank my hon. Friend the Member for Great Grimsby (Austin Mitchell) for moving the motion and the members of the Backbench Business Committee for choosing BBC cuts, particularly in local radio, as the subject of today's debate. It has been an excellent debate.

The importance of the BBC to Britain today is hard to overstate. The BBC has unparalleled breadth, depth, reach and appeal. It is, along with the NHS, one of the things about Britain that is most trusted and valued. It is a source of national pride for its quality and international impact. Whether through sport, drama or just Saturday night family viewing, the BBC is an integral part of life in this country. We all think that we bring up our children, but actually we do it in partnership with the BBC and CBeebies. The BBC is valued worldwide. We could have had a whole debate on just the BBC's children's programmes, the World Service, BBC news, the BBC's sports coverage, or the importance of the Proms and the great BBC orchestras to music in this country.

I want to take this opportunity to address some points to the Secretary of State about his responsibility for the BBC. His responsibility is to ensure that the BBC remains strong and independent. If he wants a strong BBC, he will sometimes have to stand up for it, as we did, against the commercial sector. Of course it is important that we have a dynamic commercial broadcasting sector, but it was good that when we were in government the BBC got more channels on radio and TV, developed major online services and expanded into digital.

[Ms Harriet Harman]

Not surprisingly, that attracted opposition from the commercial sector, and we withstood the pressure. I hope that the Secretary of State will stand up for the BBC's strength, independence and future development, and resist unwarranted pressure from the commercial sector. When and if he does that, he will have our full backing.

When it comes to fighting the BBC's corner, is it not bizarre, as the right hon. Member for Bath (Mr Foster) made clear, that the BBC has to pay Sky to carry its channels rather than the other way round? Why is it that when someone watches "Frozen Planet", a BBC production, on Sky, the BBC has to pay Sky? In the next five years, the BBC will pay £50 million in satellite access fees, more than all the costs that the BBC is planning to take away from local radio and BBC Four combined. Surely that cannot be right.

Mr Foster: Will the right hon. and learned Lady add to what she is saying the simple statistic that 41% of all Sky viewing is of public service broadcasters?

Ms Harman: Absolutely. The right hon. Gentleman makes a very important point, which the Government could act on.

Alun Cairns: If that is such a priority, why was the issue not addressed when the right hon. and learned Lady's party was in government?

Ms Harman: Perhaps it should have been, but we are talking about the situation now and in future, especially in light of what has happened in the licence fee settlement, with which I shall deal in a few moments.

As well as standing up for the BBC against commercial pressure, the Secretary of State will need to stand up for it against some on his own side. Lord Justice Leveson's inquiry and Ofcom are now examining media plurality in the wake of the Murdoch scandal. The dominance of the Murdoch empire, which was so much the root of the wrongdoing that is now being exposed, would have been even more dangerous without the BBC.

I do not think we will see James Murdoch repeat his attacks on the BBC any time soon, but some who support the anti-BBC stance that Murdoch set out in his 2009 Edinburgh lecture will see the Leveson proceedings and the Ofcom review as an opportunity to re-launch their attacks, as my hon. Friend the Member for Hayes and Harlington (John McDonnell) said. Those voices have kept away from the debate today, but we know that the view still lurks among some in the Secretary of State's party and on his Back Benches. If he wants a strong BBC, he will need to stand up to some on his own side strongly and publicly. When he does that, again, he will have our strong support.

The Secretary of State needs to stand up for the independence of the BBC. At the heart of its independence is the licence fee, and that is why so much concern has been expressed in the House again today about how the deal on the licence fee was done last October. My hon. Friend the Member for Great Grimsby talked about it as "Three Days in October—When Jeremy Terrorised Mark". Actually, there was a prequel to that film: "Three Days in October—When George Terrorised Jeremy". The Secretary of State, appearing to have failed to fight his Department's corner with the Treasury and to have accepted cuts that were too deep, then imposed major new financial responsibilities on the BBC in a rushed deal behind closed doors, to be paid for from licence fee funds. One was the cost of the World Service.

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): Will the right hon. and learned Lady explain why, if George terrorised Jeremy, the settlement for the BBC required it to make 16% efficiency savings compared with 19% cuts across the whole of the rest of Government?

Ms Harman: The Secretary of State could be saying that, in the context of deficit reduction, which the Opposition believe is happening too far and too fast, the settlement could have been even worse for his Department. I do not like to play Tory Cabinet Ministers off one against the other, but the Secretary of State for International Development secured an increase for his Department. The point is that what is happening in the BBC derives from the deal that was done in October.

Of course, like all organisations, the BBC should be efficient, but the agreement on the licence fee should be a settlement between the British public and the BBC; it should not be, or be seen to be, an opportunity for Government intervention in the BBC. That is why there should always be an open process, based on evidence and involving consultation, particularly with the public, who pay the licence fee and receive the service. But that is not what happened. The licence fee stands till 2017, which is after the next election, but I am asking the Secretary of State to acknowledge today that the way in which that was done was wrong, and that to protect the BBC's independence it should not happen like that again in future.

Mr Hunt: If the right hon. and learned Lady is so against the licence fee settlement, will she confirm that it is the Labour party's policy to reopen it, and that she is against the six-year freeze in the licence fee, which has been so welcomed by hard-working families up and down the country?

Ms Harman: The Secretary of State did not listen to what I said. I said that to protect the independence of the licence fee and of the BBC, the licence fee deliberation should be done with great care, with consultation with the public at its heart, and that it should be based on evidence and be open and transparent. Actually, it is a threat to the independence of the BBC to have the Secretary of State locked in a room with the director-general and to have an imposed settlement. I have highlighted the question of independence. I like to think well of people, so I ask the Secretary of State to say that he will support a strong, independent BBC. He needs to show understanding of the concern about how the licence fee was imposed and I hope he will do so.

With the frozen licence fee, new financial responsibilities and the increase in inflation—the forecast is that it will be up from 1.6% to 4.5%—the BBC is having to cut back by at least 16%. The BBC faces invidious choices

and hard decisions, which cannot but affect services, jobs and all the sectors for which the BBC is the creative heart.

The cuts to local radio and regional TV have prompted particular concern. I echo hon. Members on both sides of the House who have said that BBC local radio gives a sense of place in what are sometimes fragmented communities—it is about local identity, because it reports local sports and events as well as local news. Local and regional TV offers a ladder of opportunity into the national media and the outcry against the cuts in local radio is heartfelt and genuine.

I should like to add my view of the quality of local radio and to mention Ed Doolan of BBC West Midlands—he is not from my region and I am not trying to get on his programme; he is retired—who spoke out for the whole of the west midlands and was as high a quality of broadcaster as can be found anywhere in the world.

Jesse Norman: I share the right hon. and learned Lady's view about the quality of radio broadcasting in the west midlands—BBC Hereford and Worcester is a classic example. Does she agree that the Government's plans to introduce more local television to invigorate local markets are extremely welcome?

Ms Harman: We will see what transpires on that.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): My right hon. and learned Friend mentioned Ed Doolan, a big figure in the west midlands. When Mark Thompson opened The Mailbox in 2004, he said:

"The BBC's centre of gravity is shifting. The regions of the UK and great cities such as Birmingham are central to our vision of a new BBC".

So much for the vision of 2004; clearly it is no longer with us in 2011.

Ms Harman: Let us hope that Mr Thompson is reminded of that spirit and that he listens to the words of my hon. Friend and hon. Members on both sides of the House.

The BBC Trust should respond to the motion and review its proposals. I know that the BBC's room for manoeuvre is tight, but like other hon. Members, I urge it to think again. It should also think again and put right, at no extra cost, the men-only shortlist for BBC sports personality of the year. Is the BBC really saying that there are no sportswomen, or that sportswomen do not have any personality? Is it any surprise that it has come about given that the panel of people who draw up the shortlist includes representatives from the magazines *Nuts* and *Zoo* but not, unsurprisingly, from *Grazia* and *Marie Claire?* This is clearly a matter that the BBC needs to think about again.

Tracey Crouch: I am grateful to the right hon. and learned Lady for her generosity in giving way. I support everything that she says about the BBC sports personality of the year. As a sportswoman and someone who coaches girls on a regular basis, I think that it is important that the BBC looks at its overall coverage of women sports. Rather than imposing positive discrimination so that women get on to the sports list, we should raise the profile of women's sports so that they can be shortlisted on the basis of merit.

Ms Harman: I am arguing not for positive discrimination but that there should not be discrimination against sportswomen. Women will not be fobbed off by the BBC telling them that it will sort out the process for next year; the BBC needs to sort it out for this year.

Angela Smith (Penistone and Stocksbridge) (Lab): For as long as we keep talented top athletes such as Sheffield's Jess Ennis off the shortlist, we are sending out the wrong message to women who want to compete and engage in sport.

Ms Harman: Absolutely. The BBC can and should sort this out. The process for the awards is not written on tablets of stone. There is time to sort this out. The BBC should listen to what is being said by hon. Members and by people all around the country and sort the matter out.

Finally, may I raise an issue that was mentioned by my hon. Friend the Member for Kingston upon Hull East (Karl Turner)? Will the Secretary of State join me in condemning the really outrageous remarks of BBC presenter Jeremy Clarkson yesterday on live TV? He said that striking public sector employees should be "executed" in front of their families. The BBC has apologised for those remarks, but I hope that the Secretary of State agrees that Mr Clarkson should do the same.

3.8 pm

The Secretary of State for Culture, Olympics, Media and Sport (Mr Jeremy Hunt): I congratulate the hon. Member for Great Grimsby (Austin Mitchell) on securing this debate, which follows a well-informed and informative debate in Westminster Hall. I recognise that hon. Members have been speaking for their constituents and for many people the length and breadth of the country when they talk about their commitment to BBC local radio. Just under 10 million people listen to the BBC's national and local services, in total consuming around 90 million hours of listening every week. That is a third of the 30 million adults who listen to local radio every week, including, as the hon. Member for Sefton Central (Bill Esterson) said—I do not think that he is in his place at the moment—a number of people who are disabled, older and from disadvantaged sections of society. We have heard of numerous examples across the country of where BBC local radio has filled a gap that would not have been filled by anything else. In line with what other hon. Members have said, I need to mention the excellent work done by BBC Surrey, which I visited recently, including the excellent Nick Wallis breakfast show.

Before discussing the specific proposals the BBC has made, I want to place this debate in the context of two broader issues that have direct relevance to the issues at stake. The first is the Government's broader policy on local media and the second is the BBC licence fee settlement, which I negotiated last October.

Let me start with the broader policy towards local media. I am a localist. I have always believed that too much power is concentrated at the centre of our country and we should trust local communities with much greater power to control their own destiny. Strong local media are a vital part of that vision. However, local media in this country are not in a healthy state. Our newspaper industry is battling to reinvent itself in the face of massive technological change. Furthermore, our independent local radio stations have struggled to be

[Mr Jeremy Hunt]

profitable and started to consolidate under national brands, which can make them appear less, not more, local.

Almost uniquely among developed countries, we have virtually no local television. I want to put that right. People have characterised our local media policy as simply about local television, but that is a misrepresentation. I want to use the arrival of local television next year, when we will issue 20 cities with the first local television licences, to transform our entire local media landscape to help operators to develop new business models and, most importantly, to learn to respond innovatively to the local communities that they serve in a transformed technological environment.

The objective is to increase plurality—a word that we have heard a lot of this year—at a local level in a way that is consistent with the approach laid out by my hon. Friend the Member for Vale of Glamorgan (Alun Cairns). The relaxation of local media ownership rules is the first step, and next year's licences will be the second step. The arrival of superfast broadband to 90% of the country by 2015—another of my departmental responsibilities—will mean that by then nearly everyone will be able to access local television over the internet. In short, as the BBC responds to the concerns raised today, which I hope that it will, the Government are doing their best to address the longer-term structural deficiencies in the local media sector.

Hon. Members have mentioned last year's licence fee settlement. I strongly believe that the settlement is fair to the BBC and a good deal for licence fee payers. It is the first time that the licence fee has been frozen for six years, and at a time when nearly all other household bills are going through the roof, this will help struggling families and remind people that the BBC is doing its bit, too, to offer the public better value for money.

Overall, the agreement requires the BBC to make efficiency savings of 16%, which, as I said, is less than the 19% across the rest of government. I put it to the House that 16% efficiency savings over six years is not unreasonable: they are considerably lower than in many other parts of the public sector and far below those that many private sector companies have to make over much shorter time scales. The director-general of the BBC himself said:

> "Anyone who believes that the BBC could have achieved a licence fee settlement at any stage and under any government, which would have called for lower efficiency targets than other public bodies were facing, is deluding themselves."

Both he and the new chairman of the BBC Trust recognise the fairness of the settlement in challenging times.

I say to the right hon. and learned Member for Camberwell and Peckham (Ms Harman) that the Labour party also has responsibilities, and it cannot complain about the cuts without also saying whether it would reopen the licence fee settlement and end the six-year freeze. To engage in a debate about cuts and not say what it would do is irresponsible politics and undermines the excellent speeches made by Labour Back Benchers today.

The House will understand that, as mentioned, having negotiated an overall efficiency saving, it is not for the Government to specify how the BBC Trust spends the money. Operational and editorial independence is at the heart of the high esteem in which the BBC is held by the public and vital to the role that it plays in our democracy. Because of its fundamental importance, that independence is enshrined in its charter and agreement.

The hon. Member for Great Grimsby talked about the BBC's culture of "can-do submission" and its saying to me, "Yes, sir, no, sir, three bags full, sir." If only that were the case. He will know that I am probably the only Member to have been called a four-letter word that rhymes with his surname by a presenter on the "Today" programme. Oscar Wilde said:

> "The only thing worse than being talked about is not being talked about".

The presenter certainly cured that problem for me.

If it is wrong for the Government to compromise BBC independence, however, it is equally wrong for the BBC not to listen to, and take heed of, the views expressed by hon. Members today. I hope that the BBC will listen to the passion with which Members have spoken. I hope that it will note the articulacy with which, for example, my hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski) talked about local decision making at Radio Shropshire. My hon. Friend the Member for Cleethorpes (Martin Vickers) talked about Radio Humberside. My hon. Friend the Member for Chatham and Aylesford (Tracey Crouch) talked about Radio Kent, which has the longest listening hours in the country. The hon. Member for Makerfield (Yvonne Fovargue)—I do not think she is here—talked about the importance of rugby league and local sports coverage. The hon. Member for Sheffield Central (Paul Blomfield) talked about Radio Sheffield and its reach to ethnic minorities, as well as its sports coverage. My hon. Friends the Members for Montgomeryshire (Glyn Davies) and for Vale of Glamorgan (Alun Cairns) talked about the important role that the BBC plays for the Welsh language. The hon. Member for Hartlepool (Mr Wright) talked about the importance of local identity, as well as the match reporting of Ali Brownlee.

The hon. Member for Penistone and Stocksbridge (Angela Smith) talked about the BBC's brilliant natural history coverage—I think it was the first time that "criminal penguins" had been mentioned in this House. She also made an important point about the importance of the local as well as the regional, which is very much at the heart of the local TV agenda. The hon. Member for Blaenau Gwent (Nick Smith) talked about the fact that the BBC is not afraid to rattle feathers. In terms of local TV coverage, one of the things we need to do—*[Interruption.]* I think the phrase I was looking for was probably "rattle cages". We want to increase, not decrease, the scrutiny of local democracy and local politics, which lies at the heart of many of the concerns that hon. Members have raised today. The hon. Member for Liverpool, Wavertree (Luciana Berger) talked about the pitfalls of local radio sharing. I hope that the BBC will think about those lessons. I had not heard that "Newsnight Scotland" was called "Newsnicht Scotland", but what the hon. Member for Perth and North Perthshire (Pete Wishart) said about the dangers in the transition of BBC 2 to HD is something that the BBC would do well to listen to, because I know how important that programme is.

I hope that hon. Members will be reassured by some of the comments that BBC management have made in response to this whole debate and the points raised. The director general said to the Public Accounts Committee that local radio was an "incredibly precious service" and that the BBC did not want to preside over its decline. Lord Patten, the new chairman of the BBC Trust, described local radio as the glue that holds local communities together and a

"more trusted way of getting information than anything else".

I know that Lord Patten has been visiting BBC local radio stations recently to learn more about them and their role. I am sure that he will see that radio is a medium that often generates a passionate response, especially from listeners. He will see that local radio is a unique source of local information, debate and culture. He will see that it serves a crucial function in building relationships with and supporting local communities. As such, local radio is rightly valued and treasured by Members of this House, speaking up for their constituents.

3.17 pm

Austin Mitchell: With the leave of the House, I would like briefly to reply to what has been an interesting debate. We have heard praise from all parts of the House for the BBC and its role as a beacon of excellence in news, television and all the other services it provides. Some of the praise from Government Members was praise with faint damns and some of them suggested various cuts that could be made that were different from those proposed in the BBC's agenda. In particular, we could consider cuts to Clarkson's salary, which brings to mind an interesting proposal for a programme: "Cutting Clarkson: Women Viewers Say How", which I can recommend for BBC 2.

It is interesting that nobody defended or justified the full scale of the cuts or the full scale of the impositions on the licence fee. The Minister presented himself in a more amiable light today than in those three days in October, when he must have presented himself as The Beast From 10,000 MHz, such was the terror that he produced in the BBC. However, he made what I thought were three mistakes in his presentation. I agree with him about the desire to stimulate and develop local television, but that should not be done at the cost of cutting BBC local radio, as the current proposals do. I agree that he has defended the BBC against 19% cuts, which was the average among Departments. However, if he works it out, adding the 16% cuts that he has imposed on BBC to the 3% efficiency savings that were already in train under the 2008 agreement—and which will continue until 2013—makes 19%. That is in addition to the further 4% cuts that the BBC is imposing to generate money for programmes. This is a fairly elementary mistake.

It is wrong to say that the Government proposed the cuts and that the BBC cannot interfere in how those cuts are carried out. It has to stand itself in reserve. If the cuts become damaging to the BBC and its reputation for quality, it will need a supplementary licence fee increase to save it from disaster. That is the reserve power that was asked for.

For the rest, what has emerged from the debate is stunningly clear and loud. We are saying to the BBC that local radio should not be cut in the proposed fashion, that regional television should not be cut in the proposed fashion and, most loudly and clearly of all, that the BBC should go away and think again about the scale and timing of these cuts.

Question put and agreed to.

Resolved,

That this House calls upon the BBC to reconsider the scale and timing of its proposed cuts so as better to safeguard BBC local radio, regional television news and programmes, the morale and enthusiasm of its staff, and the quality of BBC programmes generally, all of which have made the BBC the most respected public service broadcaster in the world.

Debt Advice and Debt Management

3.21 pm

Alex Cunningham (Stockton North) (Lab): I beg to move,

That this House has considered the matter of debt advice and debt management services.

It is a special privilege for me to open this debate this afternoon—a debate called for by Members from across the House. Although we may have many differences, when it comes to debt advice and debt management services, we share a real concern for ordinary people, including some of the most vulnerable in our society who, often through no fault of their own, find themselves in crisis. Many see that crisis deepen because they do not know where to turn when they fall victim to unscrupulous practices that I am sure we would all unite in condemning.

I am extremely grateful to my hon. Friend the Member for North East Derbyshire (Natascha Engel), Chair of the Backbench Business Committee and to the Committee members for providing us with the time to discuss the issues on the Floor of the House today.

The Select Committee on Business, Innovation and Skills is currently undertaking an inquiry into this very matter, so I believe this debate will add value to the work being done, particularly regarding the scandalous actions of a large number of debt management companies.

Debt seems to have permeated every part of our society in the 21st century. Households are in debt; students are in debt; the Government are in debt; even premiership football clubs are in debt. Debt seems simply like a fact of life for many. Something tells me, however, that neither the Chancellor of the Exchequer nor Malcolm Glazer are subject to aggressive cold calling, excessive fees and misleading advertising by debt management companies from which many of the most vulnerable people in debt suffer. A report commissioned by the Consumer Credit Counselling Service found that 6.2 million people are financially vulnerable—in other words, they have no money left in the bank at the end of the month—and many more are on the brink. More startling is the fact that younger Britons are getting into more debt earlier in life. More than a million households in the 18 to 39 age group are already struggling to cope, with a further 893,000 at risk.

Gordon Banks (Ochil and South Perthshire) (Lab): Is my hon. Friend as concerned as I am about the cuts to the Money Advice Service just now and how detrimental they will be to the money advice that can be given to young people?

Alex Cunningham: I certainly am, and I am going to deal with the issue later. I understand that a considerable number of this body's staff are to be cut, which is bound to have a tremendous knock-on effect for services across the piece, not just those for young people.

Insolvency is also on the increase. Earlier this year, it emerged that 135,000 people were declared insolvent in England and Wales in the previous 12 months—the highest figure since 1960.

It should also be emphasised that it is the legacy of debt that is the real concern. There was a huge rise in consumer debt from the 1980s until 2007, and although consumer spending has reduced in the last few years, the debt remains, accumulating vast amounts of interest as time goes by. Contrary to what some may think, such debt is not predominantly due to reckless overspending. According to figures from the University of Nottingham, 50% of debt problems can be attributed simply to changes in individual circumstances, particularly unemployment or a drop in wages—something that is not too uncommon in the present grim economic climate.

I know that it would be easy to start outlining why even more people will need help in the coming years as a result of the Government's policies, but I believe that the purpose of the debate is to concentrate on how we can best help the victims. If we are to help people, we need to retain and enhance the right services and ensure that there is appropriate regulation. Tackling debt head-on can have far-reaching benefits. One pound spent on debt advice saves £2.98 in future spending. A report from the Centre for Social Justice, published in October and entitled "Completing the revolution: Transforming mental health and tackling poverty", estimated that debt advice could save about £30 million for the national health service, £50 million in legal costs and £220 million in productivity gains, as well as providing other benefits such as debt repayments to creditors.

I am proud of the good work that the Labour Government did in helping those in debt. Since 2005 the financial inclusion fund has done tremendous work, focusing on the most vulnerable members of society and providing free advice for anyone who needs it. I was relieved when, despite the current Government's initial decision not to maintain the fund, it was announced in February this year that £27 million would be made available so that free face-to-face debt advice could continue to be funded during the coming year. Now I am concerned about future provision, and especially about the possibility that local government—which is also under a considerable financial constraint—will be required to do more in this regard and Government cash will dry up.

The Money Advice Service, set up by the Government to co-ordinate debt advice, is evidently a new body still trying to find its feet, but we desperately need a clarification of its role. For example, if it aims to co-ordinate debt advice, does that include fee-charging services? I hope that the Minister will publish the whole business plan for the service, particularly as I understand that—as was suggested earlier by my hon. Friend the Member for Ochil and South Perthshire (Gordon Banks)—staff numbers are to be cut dramatically.

We must also maintain the excellent practice that exists in our constituencies. In my own constituency the Cabin, part of the Stockton district advice and information service, provides targeted advice for young people. It depends on grants to survive, and I was pleased to learn that the lottery was helping to fund it, but that type of funding is extremely limited, and it will run out.

One young person who was dealt with by the Cabin had approached a fee-charging money management company. According to its assessment, he would be able to pay £100 per month, of which £29.50 was a monthly administration fee. He tried his best to keep up the monthly payments, but knew that he could not really afford them in the first place. He visited the Cabin,

which arranged a debt relief order for him, basing his monthly contribution on his current circumstances. He was then able to put his life back on track.

The Cabin's manager, Janine Browne, is worried about young people finding their way to the very kind of organisation that we want them to avoid. She told me:

"We find the majority of debt collection agencies are very aggressive and if young people cannot access appropriate advice and support they will try other avenues which may not be effective or necessarily appropriate to their circumstances. Without support they bow to pressure."

What is happening with debt management companies? In 2010-11, the Citizens Advice service in England and Wales dealt with 3,155 complaints about debt management services, 5% more than in the previous year. The key complaints were about poor advice, poor service, excessive charging, cold calling, and up-front fees for services that did not materialise. Most debt firms that have been audited have also failed to comply with guidance from the Office of Fair Trading in several respects, the main problem being misleading advertising that represents their services as being free when they are not. Through up-front fees, the companies take their clients' cash for themselves first and their creditors second, leaving people disheartened by the lack of progress in dealing with their debts. What can we do?

I have a number of questions for the Minister. Free debt advice is currently widely available and easily accessed. How will he protect and promote those services? The current system of self-regulation is failing. How will he enhance it? Will he ban cold-calling canvassing for new business and the upfront fees? Will he introduce tougher licensing and a requirement for firms to make clear their fees on any advertising and on initially meeting clients?

Gordon Banks: My hon. Friend is giving the Minister a Christmas list—and the Minister will recall that this time last year we were addressing the Postal Services Bill, which caused much amusement. Does my hon. Friend agree that the Minister should pay particular attention to the powers of the Office of Fair Trading? Where it has evidence of wrongdoing, it must be able to act quickly to suspend the licences of companies, rather than cases being dragged out for up to four years in the courts before the OFT can finally take action.

Alex Cunningham: My hon. Friend steals my final point. He will find out in a few moments that I entirely agree with what he says. What I do know, however, is that some Christmas list requests will not be fulfilled this year because of the levels of debt people are facing.

What work does the Minister have planned with search engines such as Google on finding ways to help people in need find the free services that are available to them, rather than the unscrupulous merchants? Will he provide the OFT with the power to investigate ruthless companies and shut them down early, rather than that sometimes taking more than two years, during which time the companies still operate, make a profit and charge vulnerable customers? I look forward to the Minister telling us what is to be done.

Karl Turner (Kingston upon Hull East) (Lab): On a point of order, Mr Deputy Speaker. In the previous debate, I raised the issue of the disgusting and disgraceful comments made by Jeremy Clarkson last night. My right hon. and learned Friend the Member for Camberwell and Peckham (Ms Harman) directly asked the Secretary of State to address the issue in his closing remarks, but he failed to do so. Is that in order?

Mr Deputy Speaker (Mr Lindsay Hoyle): That is not a point of order. It is for the Secretary of State to decide whether he will comment. The hon. Gentleman's remarks have gone on the record, however.

3.32 pm

Tracey Crouch (Chatham and Aylesford) (Con): It is a pleasure to follow the hon. Member for Stockton North (Alex Cunningham). I attended the Backbench Business Committee with him in order to try to secure this debate, and I am grateful to the Committee for enabling us to speak on this important issue.

Debt is not a new phenomenon, but over recent years personal debt levels have risen sharply and have become unmanageable for many. Total UK personal debt stands at £1.5 trillion, UK adults owe an average of £30,000, and the Office for Budget Responsibility predicts that total household debt is set to rise from £55,000 to just over £80,000 by the end of this Parliament. My constituency of Chatham and Aylesford has pockets of severe deprivation and high levels of personal debt, and the number of new personal insolvencies there stood at 275 in 2009 alone. Those figures give a mere snapshot of the levels of debt we face in the UK, but they serve to highlight the importance of getting the debt advice right for those in need.

People can find it difficult to admit that their debts have become unmanageable. Many would rather continue as if there were not a problem with the state of their finances, struggling to make their monthly payments and racking up more debt. Typical symptoms include selectively ignoring bills, taking on more credit cards, and turning to store cards to relieve the pressure temporarily. Of course, that just prolongs the delay before the acceptance of a debt problem and worsens the situation in the meantime. Long gone are the days when bank managers took people aside, as they did with me, and cut up their credit cards, but I think many of us would welcome a return to the days when banks paid a bit more attention to personal accounts.

Although many of the individuals seeking debt advice represent a particularly vulnerable section of society on a low income, unmanageable debt is no longer confined to the least well-off. Data from Experian suggest that the biggest increase in personal insolvencies in 2010 was among middle-class families, who typically have a number of monthly outgoings to meet. Equally worrying is the number of young professionals and middle-income earners who have entered insolvency. To return to the point I made earlier about problems in dealing with debt, it is fair to say that it is such groups in society who struggle the most to admit that there is a problem in the first place.

Aside from not wanting to admit to what they see as a failure on their part, those people might be oblivious to the advice and services open to them and instead go on burying their heads in the sand. One fifth of the people struggling with debt are not sure where to turn for advice, let alone aware of the benefits and drawbacks of

[Tracey Crouch]

debt management plans, the meaning of an individual voluntary arrangement or the criteria for debt relief orders. When they decide to do something about their debts, information and impartial advice are key. Finding someone the right solution and getting them on to a feasible plan is vital to remedying the problem, not least as the repayment of debts owed is in the interest of not only the debtor, but the creditors they owe.

Unfortunately, customers can find themselves signed up to inappropriate repayment plans. Statistics from R3, the insolvency trade body, have revealed that 35% of individuals on a debt management plan were not made aware of alternative ways of consolidating their debts and 12% said that they felt pressurised into the arrangement by the company responsible for administering it. Up to 30% of those now declared bankrupt were previously signed up to a debt management plan. That demonstrates the clear lack of information provided and in some cases the coercion from some sectors of the debt management sector, which serves to prolong the misery for the individual and add to their debt burden.

Gordon Banks: I just want briefly to outline an issue in my constituency. One of my constituents was making payments through a payment plan and then found the same debt management company acting for the office of the Accountant in Bankruptcy when they went into bankruptcy. My constituent had no understanding of the basis on which that company was dealing with them at all.

Tracey Crouch: The hon. Gentleman makes a fair point. We all see people in our constituencies who have been tied in and there has always been a vested interest in such programmes.

Lorely Burt (Solihull) (LD): I am sure that all Members will have tales to tell about some of the rogue companies that cynically take people on, take their money as an up-front fee and also charge them commission, knowing all along that that person will have to take on either an IVA or bankruptcy.

Tracey Crouch: As it happens, I was about to tell the House about an instance of which I have recently learned. An individual entered an agreement to pay back their debt through a debt management plan. The plan spanned a total of 14 years and required repayment totalling far more than the original debt. In fact, this particular individual would have found it far cheaper to declare bankruptcy. The information and advice simply were not made available to the customer, who was instead trapped in a monthly payment schedule repaying vast fees.

In the past, and certainly in that instance, debt management companies have been responsible for exploiting the vulnerable and heavily burdened with debt and it is welcome that the Office of Fair Trading has begun to crack down on rogue operations. As a Conservative, more regulation is not something I typically welcome, but, in tackling rogue DMCs it is clearly necessary. Their fees are not always made abundantly clear and cost consumers up to £250 million a year. Adding such high costs to the burden for those who are already over-indebted does not strike me as particularly helpful.

Margot James (Stourbridge) (Con): Is my hon. Friend aware that the Select Committee on Business, Innovation and Skills is currently undertaking an inquiry into this issue? So far, we have heard from several experts that the regulation of debt management companies of the paid-for variety is not working at all. Like her, I do not relish more regulation, but I fear that in this area we have no alternative.

Tracey Crouch: I am aware that the BIS Committee is looking into this and I hope that its recommendations when it has finished the inquiry will help the Government to form an appropriate regulatory structure, because it is clear that the current structure simply is not good enough.

Currently, a clear bias exists in favour of pushing consumers into plans that are likely to yield more in fees, rather than focusing on paying down their debts steadily over time. That is in stark contrast to the advice provided by Citizens Advice and the Consumer Credit Counselling Service, which is free, impartial and in some cases anonymous. So the debt management plans are not always in consumers' best interests. In many cases, they fail because the level of debt built up is already too great and the monthly payments are also too great.

Sadly, it is only when those DMPs fall apart that customers turn to the free services provided by Citizens Advice and the CCCS to help them to pick up the pieces. As a result, the advisers at those services see and hear some horror stories littered with shoddy advice and spiralling debt, so they are particularly well placed to comment on the sector. My local Citizens Advice recently had people with a record £3 million-worth of unsecured personal debt walk through its doors in a single week. It suffers from dealing with the impact of a dangerous cocktail—several high-cost credit shops on the local high street and the emergence of rogue debt management companies. It has campaigned heavily for the regulation of both those sectors, which I support and would welcome.

Earlier this year, I tabled an early-day motion calling for further regulation of debt management companies and for the Government to introduce a robust statutory regime under powers available in part 5 of the Tribunals, Courts and Enforcement Act 2007. That would limit what such companies could charge consumers and would require them to submit self-funded independent audits to a relevant authority. If such companies are found to have breached protocol, the company's consumer credit licence can be revoked or sanctions brought to bear. That system relies on having an effective regulator, and I am pleased that the recent crackdown on rogue debt management companies by the Office of Fair Trading, which has resulted in the worst offenders having their licence stripped from them, is beginning to fulfil that role.

What we need is a standardised service under which vulnerable consumers looking for advice know exactly what they are getting and can rest assured that it will be in their best interests. Transparency is key to sanitising the debt management sector. Regulation and strict sanctions are necessary to rein in the sector, but it is equally vital that more be done to signpost those looking for help to the right services in the first place. The Government have taken welcome steps to improve the access and

quality of debt advice, for which I commend them. The commitment of an extra £27 million for face-to-face debt advice to be delivered by Citizens Advice and others means that access to impartial advice can be assured. That will go some way towards encouraging those in debt to seek help.

Some 90% of MPs in the previous Parliament were contacted by constituents in financial difficulty. As a new Member of Parliament representing a constituency with pockets of deprivation, I know that I will make up part of a similar statistic at the end of this Parliament, as will many other hon. Members. We are in a position to signpost constituents who are in difficulty to free and impartial services such as those provided by the Money Advice Service, Citizens Advice and the CCCS, and to steer them away from costly alternatives. That is something I will continue to do.

In my opinion, debt and debt management should be taken as seriously as the provision of high-cost credit. As legislators, we have an opportunity to do what is necessary to control an industry that can, if misused, misdirected or mishandled, ruin someone's life. There are a variety of reasons why people find themselves in debt and they should not be judged as a consequence. Instead, we should judge those who seek to help them out of debt and we should judge ourselves as legislators if we fail to do anything about this soon.

3.44 pm

Yvonne Fovargue (Makerfield) (Lab): It is a pleasure to follow the hon. Member for Chatham and Aylesford (Tracey Crouch), who made a thoughtful contribution; I agree with most of what she said. I congratulate my hon. Friend the Member for Stockton North (Alex Cunningham) on securing the debate, which is timely, as Christmas is coming up, although that is not traditionally a time when the advice agencies see people who are in debt; they see them in January, once the debts have come through.

The number of people finding their debt unmanageable can only increase; that is beyond doubt. My hon. Friend mentioned the Financial Inclusion Centre's recent report, "Debt and the Generations", which says that a £50 per month drop in disposable income, due to any one of a number of factors—a small drop in hours, increased pension contributions, increased child care costs, or a rise in rent—would result in 3.2 million people who are just about coping and keeping their head above water no longer being able to pay all their creditors. As has been said, we are not talking about being profligate, and buying designer trainers and large flat-screen TVs; we are talking about paying the heating bills, paying for food, and buying school uniforms. Research from the Joseph Rowntree Foundation shows that only one person in six seeks advice from any source. If we accept that, it means that a further 500,000 people would seek debt advice if incomes dropped by only £50 a month.

We need to target the people who are not seeking advice, as the research proves that people who receive advice manage significantly better than those who do not. The Money Advice Trust has done an interesting report called "Facing the squeeze", which indicates that many families are managing at the moment only because they have low interest rates, are taking on additional sources of credit—some of which, unfortunately, are payday loans—or are cutting back on essential expenditure to the point of deprivation. All of us will have visited constituents like the one I visited the other week, who said, "I'll put the heating on while you're here, but I'll turn it off when you've gone, because I want to save the money."

It is incontrovertible that debts do not come singly, and that early intervention when there are debts saves money. Government policy is slightly short-sighted in removing the majority of debt issues from the scope of legal aid, and in leaving things until the point of eviction.

Paul Blomfield (Sheffield Central) (Lab): Does my hon. Friend share the concerns of Peter Hemmingfield, a debt team supervisor in my constituency who works, under the community legal advice contract, with the Legal Services Commission to provide specialist debt advice? He is very concerned that the service that he provides will practically disappear as a result of the intended legal aid cuts. He says in a letter to me:

"A substantial amount of our work is involved in helping many clients who have mental and physical health problems, who are aged"—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Unfortunately, interventions have to be short; I am sure that the hon. Gentleman is just coming to the end of his.

Paul Blomfield: You are absolutely right, Mr Deputy Speaker; I was just coming to the end. Peter Hemmingfield talks about people who are unable to manage their debts alone. Should we not be concerned about the impact on the most vulnerable?

Yvonne Fovargue: I agree with my hon. Friend. As for the idea that people can manage by themselves, that is not happening at the moment, and as a result of the cut to legal aid, 100,000 of the poorest people will lose access to advice. We need to look at where they will go, and how they will be helped in future.

Of course, there is a cost to free debt advice, and it is estimated at about £150 million a year. The credit industry contributes 3% of that amount. I would like the Minister to investigate further how a levy on the credit industry could be made to work without affecting the business model of companies such as the Consumer Credit Counselling Service, which relies on a "fair shares" principle to fund its work; I would not like such companies to go because we were looking at a levy on the credit industry. However, it is not sustainable that the industry should pay just 3% of the £150 million.

On the latest figures, Citizens Advice deals with 8,910 new debt problems each working day. The reason why it deals with that many cases, and why people go to it, is brand awareness. Some 97% of people recognise Citizens Advice, although they might not always know what it does; they sometimes say, "It tells people where to go, doesn't it?"—well, it does not tell people where to go very often. However, people recognise Citizens Advice, and I am concerned about the Money Advice Service spending its hard-earned money on building a brand that people will recognise. I would question the need to build yet another brand. Why not use a trusted brand to deliver money advice services on the high street?

[Yvonne Fovargue]

I am pleased that there is more research on why people get into debt, and I do not think that the reasons have changed significantly over the years. As I have said, they include low income, sudden changes in income, changes in family circumstances, illness, divorce and so on. However, the type of credit that people access has changed. One form of credit that has exploded over the past five years is payday loans. There is evidence of people relying on that type of credit when they max out their credit card and have been denied other avenues of mainstream credit. They use their credit cards regularly to pay their bills.

Only this week I attended a fascinating presentation facilitated by the Centre for Responsible Credit on the international experience, particularly in the US, which is an interesting place, because different states have different regulatory regimes, so the way in which they work can be compared. The former secretary of the securities and banking council who presented the report was adamant that the sector needs to be regulated. He said that as an American citizen he is no fan of regulation, but that regulation needs to be enforced, and the regulator has to have the power to suspend companies where necessary.

I urge the Minister to consider the report and its conclusions, including limiting the number of roll-overs and a cooling-off period so that people cannot immediately take out another loan when the first one ends, then take out another one to pay off the second one. Evidence from Florida shows that capping the total amount that people can take out in any one period—for example, $500 in a year—improves their ability to pay back that loan. We asked whether that sent people into the hands of illegal lenders, but we were told that the average amount that people take out in loans in Florida is $388, which is quite a bit below the $500 limit. People do not max out their loans, which may mean that they do not go anywhere else. In California, however, where maximum loans are much lower at $250, people take out $249, which is evidence that they will look elsewhere quite quickly. It is an interesting report.

We should also consider setting up a real-time database owned by the regulator, but funded by payday loan companies, that stores basic data, including the number of loans and amounts, so that easy referrals for debt advice can be made.

Damian Hinds (East Hampshire) (Con): Does the hon. Lady agree that the United States consumer credit market is rather different from the one in the United Kingdom? She is right to identify the difference between states, but another key difference is that there is no home credit market to speak of. There is a danger that if we over-regulate on payday lending we may shift that borrowing into other business models.

Yvonne Fovargue: I agree, but the disadvantages of the payday loan industry are greater than those in the home credit market, which is easier to regulate, because we can target it. The home credit market has been here for a long time—we all know the Provvy—and when I worked at a CAB, we could see when lenders were going around an estate, and we could talk to those consumers about that. If people get loans on the internet, or from high-street shops or over the phone, that is much more difficult to control.

We should consider a real-time database, because there is a lot of interesting data that could be gleaned from it. The regulator could very quickly look at companies acting illegally as a result of the information on the database. I recommend, too, the Smith Institute publication that was launched today, which is entitled, "A Nation Living On The Never-Never". It includes a chapter by Damon Gibbons on learning from other countries. I agree: we are not the US or France, but there are things that we can learn, particularly because regulation is different in different states, so quite a lot of comparisons can be made.

That leads me into the need for debt advice, which should be free, independent and quality marked; should be funded in a sustainable way; and should meet the needs of all consumers, including the most vulnerable. Anyone who is in debt can be vulnerable. One of the most difficult cases that I saw involved an accountant, who had reached the stage where they could not open an envelope or answer the telephone. They needed the initial face-to-face advice so that someone could talk them through the situation and explain that they were not alone. They could then be referred to a telephone service and deal with things themselves, but the initial face-to-face advice had to be there.

Gordon Banks: My hon. Friend makes a forceful point. When a person is desperate and sitting at their computer searching for a solution, at that point they will embrace with open arms any organisation that responds to say that it can solve their problems, and they will jump into something that they might well regret. That is why the face-to-face advice is so important.

Yvonne Fovargue: I absolutely agree. My hon. Friend the Member for Stockton North had a point when he said that we need to look at Google. When someone googles "citizens advice debt advice", they get the debt management companies, not Citizens Advice, because those companies can afford to pay for the ranking.

Finding debt advice is not like finding a plumber. It is not possible to go into the pub and say, "I'm in debt. Do you know a good company that can help me?" That just does not happen, because people are ashamed to admit that they are in debt. They go on the internet in the middle of the night or look through telephone books because they want the most anonymous way of finding help. That is why they can fall prey to dodgy debt management companies that do not offer the full range of debt solutions. I would probably need another hour to explain the complexity of the debt solutions and the need for a coherent system. I urge the Government to bring forward plans to implement a statutory debt management plan.

Debt management companies sometimes charge up-front fees, as has been said, and sometimes take the money before referring customers to not-for-profit providers. For the average debt of £30,000, the fees are £6,000 on average, which means the client takes a further 18 months to pay it off and the creditor has to wait a further 18 months. It is not good for either party.

Often people are unaware of the free alternatives, which is why I introduced a ten-minute rule Bill to try to level the playing field for not-for-profit providers, which put all their resources into providing advice and none of it into advertising. Since I introduced the Bill, I have received many more examples from across the country of companies ripping off clients—persuading them to take out secured loans or paying the creditors only small amounts, and then going into liquidation, taking the rest of the money. People were giving them continuous authority to take the money from their bank account, which can go on long after the debt should have been paid. However, there is currently no power to suspend such companies, even though the Office of Fair Trading knows that there is considerable consumer detriment. It can take up to two years to revoke a credit licence, because there is no limit on the number of appeals, and the short-term loans industry and fee-charging debt management companies rely on that. For some of them, their business model is to make a profit in two years and then go.

The landscape has completely changed for consumers. Both in the UK and internationally, self-regulation has been proven not to work. I realise that there is a one-in, one-out policy for regulation, but in this instance I urge the Minister to look holistically at the sector. There are so many new challenges and problems that it needs to be treated as a whole new area, rather than as an area that has been around for a long time. It is so different from even five years ago. I believe that we need to provide the necessary adequate regulations and enforcement, however many it takes, to ensure that our vulnerable consumers are not ripped off by the sharks who are profiting from desperation and despair.

3.58 pm

George Hollingbery (Meon Valley) (Con): I congratulate the hon. Member for Stockton North (Alex Cunningham) on securing this important debate and the hon. Member for Makerfield (Yvonne Fovargue), whom I followed on the occasion of our maiden speeches, on her speech. It is a particular pleasure to follow her today as she was so erudite and well informed as a consequence of her employment history.

Debt management and debt advice are important concerns even in relatively wealthy constituencies, such as mine. The latest report from our consumer advice bureau shows that debt advice is the No. 1 request it receives on a daily, weekly and annual basis. I do not want to trouble the House for long, but I want to raise an issue that many hon. Members have raised in the Chamber before. Questions on this matter have been asked before by the hon. Members for Great Grimsby (Austin Mitchell), for Ashfield (Gloria De Piero) and for Blaydon (Mr Anderson) and the right hon. Member for Delyn (Mr Hanson). The hon. Member for Westminster North (Ms Buck) has even introduced a private Member's Bill on the matter. No doubt Mr Deputy Speaker will rule me out of order if the subject is not close enough to the motion before us, but I believe that the subject of bailiffs is important and germane to this debate, because many of my constituents and, I suspect, others rack up debts that they then have to refinance due to the bailiff system.

This is a complex argument, and there are two distinct sides to it. The BBC's "Inside Out South West" made a programme on debt collectors last month, concluding that efficient debt collection—the threat of ultimate sanction—was important, particularly for small businesses, at this difficult stage of the economic cycle. My conversations with those closer to the Minister than I am, in the Ministry of Justice, suggest that that Department shares that concern.

On the other hand, all Members will have heard stories from many constituents about debts racked up because bailiffs' charges have ended up way in excess of the original fine or charge. BBC's "Watchdog" has done a great deal on the matter, and if one trawls the internet, one finds many websites that include lots of information and reflect a huge concern about the issue.

One or two of my constituents have been to see me about debt, and one who e-mailed me about a case then came to see me about her non-payment of council tax. She had missed just two £30 payments, and she knew she had, so she contacted the council to attempt to make arrangements—admittedly some months after she had missed those payments. She knew that it was her fault, but, after having her bailiff changed and trying to leave on an answerphone any number of messages to which there was never any reply, her bailiff was changed, somebody new arrived on her doorstep and she was presented with a bill for £642.

To many people that might not seem like a huge amount of money, but for my constituent it was completely insurmountable: she absolutely could not possibly pay that sort of money. We intervened, made arrangements for the local council and things were sorted out, but if we had not been there I hate to think where she would be. The answer is probably in the hands of the sort of debt management organisations that have been so well described today.

Another constituent failed to pay a parking ticket, and, after many months of dispute one way or another, with missed phone calls, missed letters and letters allegedly sent from bailiffs, she ended up with a bill for £500. A further constituent received a bill for £60 which escalated to £596. There is something plainly disproportionate about what happened in those cases. It is important that we have robust debt collection services, because we cannot allow people to rack up fines knowingly without any intention of paying them, but we have to look at the matter of proportionality, and I am worried about it.

My local citizens advice bureau has shown me two more cases that it has handled. It has one client who receives regular letters from a debt collection—bailiffs—company for her son who owes council tax, but he has not lived with her for five years, as she has made clear to the debt collection company any number of times. She has given the company her son's address and phone number, but the letters keep on coming. She has also complained to the local authority, but it does not have the power to do anything.

The same bailiffs company persuaded another of my constituents to set up a direct debit to pay off arrears that she had run up some time ago, but the firm failed to collect the second payment, even though the direct debit was still set up. The company assured her that the direct debit was not set up, but bank records showed quite the opposite, and it has since charged her penalties for not paying an amount that it was supposed to collect and had a mandate to collect. That situation clearly cannot be allowed to continue.

[George Hollingbery]

This is a difficult issue, as I have already said. It is based on law, customs and practice from many years, if not many centuries, ago and there is clearly a need for reform. The previous Government did act on the matter, putting on the statute book the Tribunals, Courts and Enforcement Act 2007, to which my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch) has referred. She mentioned section 5; my point is about section 3.

Section 3, as I am sure many Members will know, has not been enacted, but some progress has been made. There is an online certificated bailiff register, so debtors can check a bailiff's status; all bailiffs now have to pass a Criminal Records Bureau check; and minimum training and skills are required for certification. But section 3 remains unenacted. It includes measures on when and how a bailiff or a High Court enforcement officer can enter a premises, what goods they can seize and sell, and what fees they can charge.

Yvonne Fovargue: I am glad that the hon. Gentleman mentions visits, because I have had two cases of bailiffs visiting a property, one in which they said, "You'll be taken to prison and the child will be taken into care, and another in which they threatened to seize a pedigree puppy while a child was there. Some of their actions on visits are as bad as their letters.

George Hollingbery: A small trawl of the internet produces reports of any number of similar cases in which the circumstances are really quite horrifying. Vulnerable people standing on a doorstep, often surprised by the visit, can be bamboozled into doing all sorts of things. Indeed, in the parking ticket case that I mentioned, the lady was so upset by the situation, as was her neighbour, that the neighbour wrote out a cheque at that very moment to pay the £592 so that her friend's car would not be taken away. These are unacceptable practices.

On taking office, the coalition said in its agreement:

"We will provide more protection against aggressive bailiffs and unreasonable charging orders, ensure that courts have the power to insist that repossession is always a last resort, and ban orders for sale on unsecured debts of less than £25,000."

On 22 March this year, the hon. Member for Gedling (Vernon Coaker) asked a question of the Secretary of State for Justice about the timetable for consultation on the implementation of section 3 of the 2007 Act. He received this reply:

"The Government have given a commitment to provide more protection against aggressive bailiffs. We have identified options for public consultation on this commitment including the better regulation of bailiffs, the powers of bailiffs, their costs and how complaints should be dealt with. We are currently preparing the paper and intend to publish in spring 2011."—[*Official Report*, 22 March 2011; Vol. 525, c. 971W.]

It is not spring 2011—it is early winter 2011—and that consultation is still not with us.

I must make it clear that I recognise that this is not an easy problem to solve. There needs to be a robust mechanism in place to enable those who are owed to collect outstanding debts from those who simply refuse to pay; all reasonable people would agree on that. Ministers are faced with serious difficulty in creating a scheme that has real teeth, but only as a last resort, without charges becoming hugely disproportionate. It is a fine balancing act, and I do not envy them the task. But if companies and taxing authorities do not have such schemes available, they could well face serious economic difficulties. It is not an easy task, and I can genuinely understand why making progress is difficult. That said, we have had promises and there is an expectation that something will happen. All I ask is that the Ministry of Justice—of course, the Minister who is with us today cannot respond on its behalf—provide some certainty for those in the industry and those who are subjected to bailiffs' visits to ensure that we understand where we are going on this issue.

4.6 pm

Nic Dakin (Scunthorpe) (Lab): It is a pleasure to follow the hon. Member for Meon Valley (George Hollingbery), who made a very intelligent speech about controls on the use of bailiffs that is helpful in the context of the overall picture that we are looking at.

I congratulate my hon. Friend the Member for Stockton North (Alex Cunningham) on securing this debate, and I thank the Backbench Business Committee for allowing us the time for it. The debate is timely in two ways. First, as the Chancellor said this week, we face an economic storm. Families and individuals are facing rising energy prices, higher food prices, and rocketing fuel bills. Their incomes are being squeezed, and there is a real risk that more people will move into debt. Secondly, we are now in December, with the extra pressure of Christmas hitting household budgets. We do not want a debt hangover in the new year, with its awful consequences.

When someone summons up the courage to ask for help with dealing with their debts, they need to get the best possible support from people who will help them to clear those debts, not make matters worse. The hon. Member for Chatham and Aylesford (Tracey Crouch) clearly illustrated the dilemmas and problems, and the kinds of practices that unfortunately happen. At present, people who try to take responsibility for their debts can find themselves at the mercy of unhelpful, aggressive and sometimes unscrupulous practices that make dealing with debt an even more unbearable experience. In 2010, the high-cost credit industry lent £5 billion in the UK. Payday loans alone increased from £1.2 billion in 2009 to £1.9 billion in 2010. The UK now has one of the highest levels of personal debt in the world. In April 2011, the figure stood at a staggering £1,460 billion.

At this time, the future of debt advice is uncertain, with changes to eligibility for legal aid and the transfer of responsibility for debt advice to the Money Advice Service. It is important that the Government and the Money Advice Service confirm the future of the financial inclusion fund debt advice services as soon as possible, not just for next year but for future years. The funding from that is part of the overall funding of Citizens Advice services. There will be real risks if the critical mass of funding to provide advice is destabilised by further cuts in income at local or national level.

The FIF debt advice services are in their sixth year. They were deliberately located in areas such as Scunthorpe to meet the needs of communities that have difficulty accessing debt advice. Every year, those advice services have directly helped more than 100,000 people nationally to resolve their problems. Regular audits and evaluations

have found high levels of customer satisfaction, with services exceeding clients' expectations and effectively reaching their intended target group.

The provision of independent debt advice in my constituency is particularly worrying. The situation is in danger of being exacerbated by the changes to legal aid eligibility and reach. There are real worries about the availability and accessibility of future support. I fear that that is typical of the situation in many parts of the country.

If the FIF debt advice services cease, there will probably be no alternative sources of help. By definition, those services are used by people with very low incomes and limited means. Their inability to repay substantial amounts towards any consumer credit debt means that private sector debt management services do not see them as a profitable client group to serve. Research shows that there is little overlap and duplication between the national telephone advice services and the local FIF services. Clients often use local services on referral from other local agencies such as jobcentres, landlords and local authorities. Many of the people they serve have problems or communication needs that require support to be given face to face for it to be effective.

The quality of advice from many fee-charging debt management companies is questionable. Their fee structures mean that they get much of their income up-front. They are therefore not encouraged to work with their clients to help them manage their affairs and become debt free. A huge amount of those companies' budgets is spent on advertising to draw in income from the indebted. That contrasts with companies such as the Consumer Credit Counselling Service and Payplan that use a "fair share" model to gain income. The incentive under that model is to work with creditors and the individual to make them better able to manage their money.

According to Citizens Advice, the majority of people in difficulty find themselves there due to changes in their life circumstances, such as death, divorce and redundancy. My hon. Friend the Member for Stockton North, in opening this debate, drew attention to research from the University of Nottingham that underlines that finding.

With all its experience, Citizens Advice highlights three principles for taking debt advice and management services forward. First, access to free and independent debt and money advice services is vital for those in financial difficulty. Such services need to be funded in a sustainable way and should meet the needs of all consumers, including the most vulnerable. Secondly, people in financial difficulties need better options to deal with their debts so that they are not drawn into using poor-quality debt management firms or taking on high-cost credit as a coping strategy. Thirdly, the consumer credit regulator needs stronger powers and more resources to prevent consumer detriment and to act more quickly and decisively to deal with problems. I will return to the point about regulation later.

There are other things that need to be looked at carefully. We have heard about misleading advertising. Many businesses claim that their services are free *when they simply are not. Fees should be clear,* understandable and highly visible from the start. At the same time, free services must be made equally obvious and clear. My hon. Friend the Member for Makerfield (Yvonne Fovargue) has introduced a ten-minute rule Bill to make advertisers signpost free advice. That is worth careful consideration.

Another issue is up-front fees. Debt management companies often front-load their charges, with customers paying several hundred pounds before they receive any advice. We need to consider whether up-front fees should be banned. We should also consider whether cold calling should be restricted.

The Office of Fair Trading lacks the resources proactively to monitor compliance by debt management companies. It has issued formal warnings to 129 firms out of the 172 that it has surveyed recently for compliance. We need to strengthen the regulatory framework. Across the House, there is recognition that this is an area in which the regulatory framework needs to be used. I draw attention to the comments of the hon. Member for Chatham and Aylesford, which made that point clear.

We can consider better control on firms entering the market, better scrutiny of business models and making the regime less reliant on enforcement action against firms that behave badly and more focused on preventing bad practice in the first place, so that bad firms do not get into the market. Consumer credit regulation needs to be strengthened, so that it has a deterrent power. At present, many firms are simply not sufficiently worried about action by the Office of Fair Trading to avoid unfair practices.

The regulator should be able to compel firms to compensate consumers for unfair practices, and there should be swifter enforcement against unfit firms. As my hon. Friend the Member for Makerfield said, firms that the OFT considers unfit to hold a credit licence can continue to trade and cause consumers harm for many years as a Jarndyce *v.* Jarndyce-type labyrinthine process is gone through in the courts. That is not to anybody's benefit.

Interestingly, a large number of lenders in the UK are now US companies that have come here to take advantage of the lower level of regulation. Earlier this week I met an organisation called Veritec, which said that the market was very attractive to US companies at the moment because of the lack of regulation. Five of the seven largest UK companies in the sector started in the US. It is therefore right and proper that we look at practice in the US and how it has come to regulate this fast-expanding area of business since the problems in 2000 and 2001, particularly in the state of Florida. Those problems led it to introduce a regulatory framework that appears to have some attractions.

My hon. Friend has already drawn attention to the features of the Florida model: a maximum loan of $500—we could consider the maximum being a percentage of gross monthly income instead, but $500 is Florida's model—limits on multiple loans, the stopping of any roll-over payments, a 24-hour cooling-off period between loans and finally, a very important ingredient, the real-time information system run by a private company and paid for by the credit companies, but accountable to and owned by the regulator. The database is funded by a transaction fee.

Damian Hinds: I am pleased to see that although it is the first of the new month, the hon. Gentleman has not taken the opportunity to make his face clean-shaven.

[Damian Hinds]

Will the hon. Gentleman acknowledge that the Florida measures apply specifically to payday loans, which do not account for the majority of the credit market or the majority of the debt problems in this country?

Nic Dakin: The moustache is having an encore for today and will be removed tomorrow.

The hon. Gentleman is right that the Florida measures apply to payday loans, but I believe that it is worth considering how that model can assist overall. Interestingly, by 2009, 6.8 million loans had been authorised in Florida, and not a single loan was extended beyond the contract period. More than 90% paid back their loan within 30 days and more than 70% repaid on the contract end day. Consumer complaints of mis-selling dropped significantly, as did overall indebtedness, and not one borrower was indebted by more than $500 at any given time. The Florida model may well not be the answer, but I ask the Minister to what extent the Government are drawing on practice elsewhere in the world, including in Florida and in France, which has also been mentioned, to help inform how we can move forward. I believe there is cross-party consensus about the need to regulate, and as the hon. Gentleman indicated, it is horses for courses—the Florida model covers payday lending, but there are other issues to consider.

Yvonne Fovargue: The other advantage of the independent database owned by the regulator is that if anyone researches a credit reference agency database, it does not show who has been on the payday lending database. When people move from payday lending to more established forms of credit, as we hope they will, their credit reference is not affected by the fact that they have had a payday loan, or maybe 10 payday loans.

Nic Dakin: My hon. Friend makes a significant point. The devil is in the detail—I can see that the Minister is nodding. We should learn from practice elsewhere that can better assist us. It is clear that practices in some US states have created unforeseen difficulties, so there is something to learn from what works well and what does not.

I should like the Minister to address certain questions when he speaks. Will he confirm that the Government recognise the need for sustainable face-to-face debt advice provision for people who get into significant debt difficulty? Will he confirm that the Government will ensure that funding is available for that in future?

Will the Minister take steps to eliminate misleading advertising of debt advice and to abolish the practice of debt management companies charging huge up-front fees, which results in perverse commercial incentives? Will he recognise that a consensus has been expressed by Members on both sides of the House that debt advice and debt management needs to be regulated? Such regulation should not be compromised by the one-in, one-out rule, however reasonable that aspiration is. Regulation is necessary if we are to have better activity. If we do not regulate soon, we will have consequences that we would rather not have.

Finally, will the Minister confirm that he will learn from practice elsewhere in the world? I am sure he will because he is very much into learning from others.

4.21 pm

Lorely Burt (Solihull) (LD): I congratulate the hon. Member for Stockton North (Alex Cunningham) on securing this debate and on his excellent contribution, in which he referred to the Consumer Credit Counselling Service report. The problem is enormous: 6.2 million households are financially vulnerable, of which 3.2 million are already in financial difficulty.

There is consensus on both sides of the House that debt advice is a distress purchase. People do not shop around. If they hear of somebody who can help them, they will grasp at the opportunity. There is an "any port in a storm" mentality. I was particularly taken by what the hon. Member for Makerfield (Yvonne Fovargue) said on getting to people before they join the 3.2 million who are already struggling, because help can be afforded to them at that stage.

We have talked about who offers debt advice. Citizens advice bureaux do a wonderful job, and work with the CCCS and Payplan, which are the two free advice services. The important distinction between pay advice companies and free advice companies is that the former are funded by creditors through a fair-share system. When the debt is paid off, the company that has managed to secure the payment receives a commission or contribution. That is important. We have heard about CCCS, which is partnered with Citizens Advice, and the Money Advice Trust, a debt line that will co-ordinate the best debt advice, but the problem, to which several hon. Members have alluded, is that there is not enough information out there for those desperate people when they can really benefit from the help.

Let us look at the pay debt management companies. All the money comes from the customer—the person who is in debt. The balance of their interest comes from getting the fees. Under the fair-share system, the interest is only in ensuring that the payments are paid back because companies do not benefit unless the debt is recovered.

The structure of these fees is also of concern. Not all companies charge an up-front payment, but some will charge hundreds of pounds before they have even looked at a case. Regular commission comes from the person who is making the payments back, and that just makes the problems worse. As I mentioned earlier, what is recommended further down the line is very often something that should have been recommended in the first place. These companies all favour solutions that make them money, so they go for the debt management plan and for the individual voluntary arrangements. Very few offer debt relief orders, which are a key insolvency tool for people with few assets and low incomes.

Although many Members in this Chamber would argue that there is no place for these pay debt management companies, it is important that we consider their case and what they have to offer. The Debt Managers Standards Association, which is one of the two trade bodies, told me that its members, the good companies, offer face-to-face meetings and professional help. They will also negotiate with the debtors. It says that those companies provide that service because they are being paid.

On the other side of the coin, Consumer Focus, which was responding to the Office of Fair Trading report into the debt management sector this year, said:

"On the basis of the OFT review, fee-charging debt management is a market which, at the moment, is largely failing consumers."

We have heard about the rogue debt management companies and about the number of complaints that are made against them. Interestingly, people do not necessarily go to the regulator about such companies. They tend to go to the citizens advice bureau because they see it as their friend on the high street; the place where they can go to get face-to-face advice.

There are examples of companies that hold on to payments and then go into liquidation. Whatever else we do, we must tackle those rogue companies. Several Members today have called for those companies to be suspended. As soon as we discover that they are misbehaving, they must be suspended there and then before they have the time to wreak havoc and do even further damage.

As the OFT licenses debt management companies, it has certain responsibilities. Last year, it launched a crackdown, issuing warnings to 129 companies, 35 of which threw in the towel straight away. They knew that the game was up and they were not going to be able to make the sort of money that they wanted to.

Although the OFT has teeth, it could do more to regulate such companies. It is strapped for money, so it is unable to give the kind of service that it wants to give. In October, DEMSA agreed in principle that the Institute of Chartered Accountants should undertake monitoring of new and existing DEMSA members. DEMSA has an OFT-approved code of practice, so it is doing its best to clear up the industry and to provide a fair service to customers. At the end of the day, if a company rips off a customer, then they cannot pay. It is in everyone's interests to clean up the industry.

I want to consider the options available. We could close down debt management companies altogether, but that would be illiberal and take away a service that is of help to many people in the country. Furthermore, of course, those people would simply go elsewhere. Where would they go? They could go to organisations such as the Consumer Credit Counselling Service. On the other hand, however, they might go elsewhere, including to a loan shark. If they are to use debt management companies, therefore, it is important that they have the protection that we all wish for.

Alternatively, we could work with the debt management companies. As suggested by the Debt Resolution Forum, we could require other companies to subscribe to the DEMSA code of practice and to auditing by the Institute of Chartered Accountants. My favourite option, however, would be to strengthen the OFT so that it can use its existing powers to levy a fee on debt management companies to pay for them to be audited. To ensure that it was not prohibitive for small debt management companies, the fee could be related to the number of debts under management at any one time. Consequently, the big companies would pay a larger share, and that would strengthen the OFT and enable it to do what it wants to do—ensure that these companies are properly audited.

The only other alternative is formal regulation, which could be done under existing statutory legislation. I was interested in the comments of the hon. Member for Stourbridge (Margot James) about the report from the *Business, Innovation and Skills Committee*, and it would be helpful to take an intensive look at the matter and establish whether regulation could provide a workable solution. People's lives are at stake here. We could not be considering a more important issue that is able to make a difference to the quality of life of indebted people.

4.32 pm

Justin Tomlinson (North Swindon) (Con): It is a pleasure to follow my hon. Friend the Member for Solihull (Lorely Burt), who has been a long-standing champion for this issue. I congratulate the hon. Member for Stockton North (Alex Cunningham) on securing this important debate on a subject in which I take a particular interest—I supported the ten-minute rule Bill introduced by the hon. Member for Makerfield (Yvonne Fovargue) and have spoken in several connected debates.

This issue is important because 91% of people in financial difficulty feel that with better information and advice they would have made different decisions. Members of Parliament know through their casework of the distress in which individuals find themselves, and in times of financial difficulties their needs are even more urgent. These people do not necessarily have the time to shop around and make informed decisions, and many people get into financial distress following a significant change in their circumstances, whether it is a job loss, bereavement, illness or family breakdown. At such moments, they are not necessarily in the strongest position to address the challenges that they face.

I wish to highlight a number of issues. First, I have been a long-standing champion for the improvement of financial education, and I shall take this opportunity to plug my ongoing campaign. We need to equip people of all ages in this country with the key skills that enable them to make these important decisions, and I shall continue to press for that at every opportunity. The total costs of the decisions that people make are not necessarily displayed in a format that they understand—in plain, good old-fashioned cash terms.

Andrew Bingham (High Peak) (Con): With his usual modesty, my hon. Friend just briefly mentioned the campaign for financial education in schools, on which he has led the way in the House—I think that the all-party group on financial education for young people, which he set up, is the largest in the House. Does he agree that financial education is very important to tackling the problem in the long run, particularly given that there are now so many different ways in which people can purchase things and borrow money? This education is crucial for future generations.

Justin Tomlinson: I thank my hon. Friend for that intervention. He has been extremely supportive of our ongoing campaign. One of the driving forces behind our desire for compulsory financial education is the fact that we live in a challenging, complex world, where individual consumers are all too often bombarded by unhelpful marketing messages. Equipping consumers to enable them to pick their way through that minefield would make a big difference.

We are also seeing products becoming available that have complex terms and conditions—again preventing consumers from making informed decisions—and for which the consequences of defaulting are not clearly set out. The up-front and administration fees are not clearly shown, and too many consumers are making monthly payments to such companies without clearing the original

[Justin Tomlinson]

debt for which they turned to them to get help. We have also seen misleading company names and advertisements. People in financial distress are under pressure from the companies to which they owe money. They feel obliged to make a quick decision, so when companies contact them to say, "We can sort this out. You just need to say yes in this phone call and we'll get these people off your back," it can be very attractive. We have seen excessive amounts of cold calling and dishonest texting. I agree with the request that the hon. Member for Stockton North (Alex Cunningham) made to ban such practices—I am certainly someone who is sick and tired of receiving unwanted calls and text messages. A number of hon. Members also referred to Google rankings, whereby people innocently type in "free debt advice" and are bombarded with the complete opposite. I would recommend that the Minister look at that.

I welcome the OFT's revised guidelines, which set out the standards and expectations of debt management companies, making it clear that they must be transparent about the service on offer and the fees charged, to ensure that the advice provided is in the best interests of the consumer. It is clear that the Government—especially the Minister, who has shown a great interest in this subject—and the OFT are seeking to make a difference. However, I have a number of questions for the Minister, which I hope he will respond to when he wraps up. Some 129 businesses have already been warned, 69 of which have now exited the debt management market. Does he consider that a success?

Secondly, the process can take up to two years. What can be done to speed it up? As the hon. Member for Makerfield pointed out, not only can those businesses inflict huge damage to the most vulnerable consumers in two years, but for some of them, their whole business plan is geared towards being around for only two years and making as much money in that time as they can. I have spoken to the Consumer Credit Counselling Service, which told me that many such companies are also fleet of foot. As soon as we knock them off in one form, they reappear in another. My final question on the issue is this: how easy is it to identify some of the online operators? If they are on the high street, with nice big shiny signs above their shop doors, it is obviously easy to identify and tackle them. However, many such companies operate online, making it difficult to track them down. Is that stopping the clock ticking in terms of action being delivered?

All those who have spoken today have promoted making available free, independent debt advice—which I, too, support. I welcome the increased content available online, but we must remember that a significant number of the most vulnerable consumers—the people we will see coming into our surgeries—still rely on individually tailored, face-to-face or telephone sessions to help. I pay tribute to organisations such as Citizens Advice and the CCCS, which provide fantastic, individually tailored, free advice sessions. Those sessions are essential, because vulnerable consumers, with their individual circumstances, need somebody with the patience to go through things with them. All too often they are people who, through fear of what they are encountering, have not opened their post. They need someone to sit down with them, because online advice relies on people to know their own situation, which all too often is not the case.

People might also feel the need to make a quick decision because the people to whom they owe the money are chasing them. A debt management company might say, "Just say yes on the phone and I'll sort all those problems out." When confronted with a bag of unopened post, people need somebody to help by saying, "We'll sit down with you and get to a position where you can make a quick response." Also, advice sessions will always take account of people's individual circumstances, because every person is different—every person has different priorities and different amounts of debt—and will help them take the best possible course of action for their circumstances.

I welcome the Government's commitment to secure the £27 million-worth of additional funding for the next year, but we need a long-term commitment, which is what the Money Advice Service is exploring. I urge it to continue and find what it is looking for, as this is so important. In these difficult and constrained financial times, this is an absolute priority, which I shall continue to support.

I would go further than some other speakers who talked about the need to provide access for free and independent advice. Just as we insist on having a Government health warning on all packets of cigarettes, I would like to see information published about how to access the free independent advice so that people can take a few moments out and contact those who can assist them. Too often, we have seen some of these debt management companies create spurious charities, whose people then provide the "independent advice" when they are, in fact, just subsidiaries of the company that is going after the business in the first place. Some have said that they did not want to get rid of this market completely, but wanted to be confident that every single consumer has easy access to the free and independent advice that we all believe is so important.

Finally, I want to explain how we can make a difference as individual Members of Parliament. Organisations such as Citizens Advice are under a lot of pressure: only a limited amount of funding is available and only so much time can be given to consumers who are in financial distress—effectively in a last-chance saloon—and need a quick response. When approached by R3, Citizens Advice and Nationwide, we carried out a training day, involving me as MP and all the staff in my constituency office. We were trained on how best to deal with people in financial distress. We were able to phone up the local citizens advice bureau and arrange an emergency appointment the following day, where people could benefit from a one-hour session. It provided an opportunity to sit down with the individual in advance and say, "This is what you need to bring to your session tomorrow". The maximum help possible was provided in that one-hour session. All too often, consumers turn up at the last chance saloon without having all the information they need, which makes it difficult to give them the practical advice they need. I have been assured by both Citizens Advice and the Consumer Credit Counselling Service that they will happily provide similar training for all MPs. That shows how we can take this up to make a positive difference.

4.42 pm

Damian Hinds (East Hampshire) (Con): I congratulate the hon. Member for Stockton North (Alex Cunningham) and my hon. Friend the Member for Chatham and

Aylesford (Tracey Crouch) on securing this important debate, and I thank the Backbench Business Committee for granting the time.

With almost £1.5 trillion of personal debt in the country and £200 billion of unsecured consumer lending, debt can clearly be a problem at all levels of society. In common with others who have spoken, I am particularly concerned about the less well-off members of society accessing sub-prime and high-cost credit. It is worth reminding ourselves that although to many opinion formers, journalists and others, this is a relatively hidden market, it is not at all a small one. The leader in home credit provision claims to visit one in 20 UK households every week. The leader in the rent-to-own sector has almost 250 stores and hopes to double that number. Payday Loans—as we have heard, a relative newcomer on the scene—already has between 1 million and 2 million customers a year.

Most people who look at this issue end up concluding that we need a three-pronged strategy to deal with it. The first is about education and advice, both before the fact and when people get into trouble; the second is about smart regulation, including disclosure to make it obvious to people what they are taking on; the third is the provision of alternatives. All three are vital, either directly or indirectly, to the provision of debt management advice—directly because advice is one prong, and indirectly because they impact on the need to have that advice. I shall talk briefly about these three in reverse order.

Starting with alternatives, hon. Members will not be surprised to hear me mention the importance of credit unions. Credit is a fact of life. Although we all occasionally meet people who say, "Well, if you haven't got much money, you shouldn't borrow", the fact of the matter is that it happens at every level of society to help people get through the ups and downs of life. Childbirth and Christmas can happen to anybody—*[Interruption.]* I accept that childbirth is unlikely to happen to me. We need affordable and responsible lenders to operate in the market. Credit unions provide affordable loans, promote financial inclusion, get more people to have bank accounts, which has a big knock-on effect, and encourage savings. With savings, people are much less likely to find themselves getting into debt problems later.

I congratulate both the current Government and their predecessor on their support for the credit union sector. They have taken different but equally positive approaches. The new legislative reform order will mean the liberalisation and potential growth of the sector; the coalition's £73 million modernisation fund will help it to become self-sustaining over the medium term; there is a possibility of its working with the post office network—for instance, introducing "jam jar" budgeting accounts—and there are many other interesting and exciting opportunities.

Many Members have spoken about aspects of regulation. This is clearly not the occasion on which to go into detail about the regulation of the high-cost and sub-prime credit markets, because we do not have enough time, but I should like to touch on some key points. Other Members have mentioned the potential for caps on the cost of credit. At times during our debates about this subject in the Chamber it has seemed that there may be a simple answer to the problem, but there is not.

A blunt and general cap on the cost of credit would have few positive results and many negative ones. It would, for example, push a large number of people out of the legal credit market and into the arms of those whose idea of a late-payment penalty is a cigarette burn on the forearm. It remains true, however, that some form of usury limit exists both in the European tradition, in countries such as France, Germany and Italy, and in the Anglo-Saxon tradition, in countries such as Australia and Canada and—as we heard earlier—many American states. That does not mean that they are all correct and we are wrong, but it should at least make us ask, as the hon. Member for Makerfield (Yvonne Fovargue) did earlier, what we can learn from abroad. I know that the Minister and the Government as a whole are keen on that idea. A variable cap may well be possible, and I know that Bristol academics are considering that as we speak. I have my own particular hobby horse: I think that a limit to the annual interest rate and a separate one-off introductory or set-up fee, also limited, would be a successful formula.

Members have mentioned the way in which debt mounts up as a result of rollovers and the accumulation of behavioural problems, and that too needs to be considered. Perhaps most important of all is the need to ensure that debt is affordable by imposing a requirement to that effect on lenders. The hon. Member for Makerfield mentioned the Centre for Responsible Credit. She and I attended the launch of a report that laid bare the massive difference between the affordability of credit at the high-cost or sub-prime end of the market and its affordability at the mainstream end.

In some American states there is a requirement for operators to pool data with a central agency. That is specifically in the payday sector—the distinction is important—but in any case I do not think that there would be any appetite for such an operation in this country. It does not accord with our way of doing things, and even if it did, there would be huge IT problems. My God, imagine trying to hook up every sub-prime and high-cost credit provider in this country—not just in the payday sector—into a database. It would be a nightmare, and the fact that the credit reference system seems to work so poorly at present—some people have eight, nine or 10 loans by the time they seek help from the likes of the Consumer Credit Counselling Service—does not bode particularly well. There may be possibilities, however.

John Pugh (Southport) (LD): The hon. Gentleman's speech is teaching me a great deal, but is he implying that debts can be affordable without a usury cap, or that a usury cap is necessary for them to be affordable?

Damian Hinds: Obviously credit can be affordable without a usury cap. It depends on the price that is set. I am increasingly of the view that there probably is room for some form of cap, but that it should not be a blunt and general cap that would have all sorts of unintended consequences. As I said a moment ago, I do not believe that there would be any appetite in this country for an enormous central database storing credit transactions involving every conceivable type of provider and every single citizen of the United Kingdom so that loan applications could be compared with earlier ones.

Affordability is now a principle in the OFT guidelines. There is an argument that lenders should have a general duty of care to make reasonable efforts to

[Damian Hinds]

ensure that the loans they provide are affordable to the consumer, and also that the loan does, indeed, get paid down over time.

Yvonne Fovargue: At present, however, even the most up-to-date credit reference agency updates only once a fortnight. My constituent who took out six payday loans in a day would not be stopped by that. Most of our payday lenders come over from America, where they are registered with one agency that regulates only payday loans as a short-term means of lending.

Damian Hinds: That is a perfectly legitimate and credible line of argument. The hon. Lady mentioned, however, that the payday lending market barely existed in this country five years ago. There are many other high-cost forms of credit, so this market has a remarkable ability to shapeshift, and targeting just one sector will result in the growth of other sectors. Not all the states in America have the payday loans regulations the hon. Lady mentioned, but those that do have experienced growth in other areas of lending, such as rent-to-own loans. Somebody always picks up the slack in the market, therefore. I am not arguing against all regulation, but I am arguing that what appear to be easy and general solutions are usually ineffective.

Education and advice are essential. Some people would say that the best advice on debt that we could give to individuals—or to Governments—is, "Don't." To be a little more nuanced, we could say that capital spending—people investing in themselves through investing in their education, their home or a car that will help them get to work—is a legitimate reason to incur debt, whereas current spend is usually to be avoided unless people can be confident they will be able to pay the money back. In other words, people must ensure that in the ups and downs of life there are not only downs, but an up will come, too. We might call that a golden role. Opposition Members will recognise that term, and they will also appreciate how important it is to stick to the golden rule and not change it part way through.

My hon. Friend the Member for North Swindon (Justin Tomlinson) has done amazing work not only in running the all-party group on financial education for young people but in raising the profile of this issue. I agree that young people must be equipped with the necessary skills for when they enter adulthood and the marketplace, and I believe the best way to do that is through maths, because if people understand percentages and so forth, they can assess all sorts of financial products. If schools and society are doing their job well, people will understand their self-responsibility too, which is also very important.

There will always be a need for a backstop solution for when things go wrong and I believe that debt counselling and advice should be mainly industry-funded. It must also be available through all channels—online, telephone and face to face. However, we must accept that face-to-face advice is massively more costly than the other channels. The hon. Member for Stockton North cited Citizens Advice cost-benefit analysis figures in respect of debt advice, but they are slightly exaggerated as they represent not the return to the Exchequer, but a much broader view of cost-benefit analysis taking account of the benefit to the economy. We must accept that face-to-face advice is costly, but, as my hon. Friend the Member for North Swindon rightly pointed out, it is essential to have that provision as it is important for some of the most vulnerable members of society. I am delighted that the Money Advice Service is focusing on how it can improve productivity—the case load throughput per person—in order to make face-to-face advice more affordable.

There is a role for debt management companies. There are hundreds of them and we must not over-generalise. On the other hand, a considerable number of them have got into trouble with the OFT, which suggests there might be a systemic problem in the sector. It is worth bearing in mind the circumstances of the customer that a fee-paying DMC will take on. They are, as has been said, typically not letter-openers. They often have unrealistic optimism about how the circumstances of their lives are about to change and turn around and, conversely, they have an enormous myopia about fixing today's problem and today's bills rather than looking at how to lay down long-term foundations. They are, almost by definition, quite easily swayed by good advertising—usually by either the first ad they see or the last. That all means that they are quite susceptible to the offer of an apparently easy solution whereby somebody else will take on the administrative burden and deal with the range of creditors on their behalf and they will focus on the smallness of the monthly payments rather than on how the alleged solution will bring them into long-term financial health.

That means, in turn, that the successful companies in the sphere tend to be those with the biggest marketing spend, the biggest promises, the longest repayment term on the loan and therefore the highest conversion rates. Although they will have a substantial drop-out rate, it does not matter so much if they have charged up-front fees that mean that they have ensured that their cash flow is safe. I hear from my excellent citizens advice service in East Hampshire that debt management companies all too often fail to consider the consumer's overall position, the priority debts that they must pay first and their ability to pay back the loan schedule.

Yvonne Fovargue: The hon. Gentleman might be interested in a text that a colleague has just received—the Minister might be interested, too. It is cold calling from a debt management company and says that there is new legislation that means that debts can be written off. Is the Minister aware of introducing that new legislation? That is how people get drawn into the debt management companies.

Damian Hinds: Indeed. Remarkably, the hon. Lady might even discover that such texts seem to come from the Government on occasion. For the avoidance of doubt, let me state that they do not. Those are the sorts of tricks and ploys that are played, with a lot of subtle suggestions without saying anything. We probably know people who are not generally credulous who, from time to time, receive such a thing and take it as genuine.

I apologise for being almost boring in the extent to which I am going to agree with all previous speakers—[Hon. Members: "No!"] You are too kind. There is a remarkable degree of consensus among Members from all parties. Cold calling and canvassing for such businesses have no

place in a responsible marketplace. The front-loading of fees sets apart the true interests of the customer and the provider. Although banning it might be excessive, we need to get rid of the front-loading and ensure that the operator has an incentive to see the individual through to financial security.

Finally, on search marketing and the extent to which people are actively searching for debt advice rather than being bombarded with marketing messages, I do not think we need to wait for a law or new regulation. There is only one substantial operator in that market. It is called Google and I am sure it has a corporate social responsibility department. I hope that it will read the transcript of the debate and take it on itself to ensure that although it will suffer some diminution in pay-per-click marketing fees, it can put free, respected and valued debt advice services at the very top of the list of the results when people search.

4.58 pm

Nick Boles (Grantham and Stamford) (Con): This has been a fascinating debate and I congratulate the hon. Member for Stockton North (Alex Cunningham) and my hon. Friend the Member for Chatham and Aylesford (Tracey Crouch) on managing to secure it now, in a week when we have learned from the Office for Budget Responsibility, the Institute for Fiscal Studies and others that real disposable incomes for most people in Britain will not rise much in the next few years.

We all know, through our own experiences and those of the people we represent, the extent to which unavoidable costs such as filling one's car, paying a heating bill or doing the weekly shop are going up. As a result, I fear that many more people will find that the sums just do not add up at the end of every week or month and that they cannot pay every bill on time. It is particularly important therefore that we anticipate now, in the next few months, the rising demand for debt management advice and work out how to protect the people who need to call on that advice.

Many hon. Members are great experts on aspects of this problem. My hon. Friend the Member for East Hampshire (Damian Hinds) is a great expert on credit unions, my hon. Friend the Member for North Swindon (Justin Tomlinson) is a great expert on financial advice and the hon. Member for Makerfield (Yvonne Fovargue) seems to be a great expert on everything to do with financial understanding. My interest in this subject comes from my constituency. I am lucky enough to represent the 750 people who work for Payplan in Grantham, which is an extraordinary business. It is important to understand that it is a business—a very valuable business—that does very well at making money. It does so by providing free debt management advice to troubled debtors and taking a fair share of contributions from creditors.

Payplan has demonstrated, along with the Consumer Credit Counselling Service and a few others, that it is an entirely commercial proposition to offer people advice based on the contributions received from creditors. It absolutely is not necessary to charge consumers for that advice in order to build a valuable business and make decent and respectable profits. Payplan is a partner of the Money Advice Trust and works closely with Citizens Advice and the National Debtline. I have run small businesses and I have many friends and colleagues who work in businesses, and I have not come across a business that makes as much money as Payplan does by doing as much good, so I am immensely proud to represent it and its employees.

The key question I want to address is the one at the heart of the debt management advice industry: what is the right economic model for that industry and should we be willing to intervene as a Government to change or specify that model? I go along with a view put forward by other hon. Members, particularly by those on the Government side, although my Lincolnshire colleague the hon. Member for Scunthorpe (Nic Dakin) also seemed to be of the same view. I am innately—I do not require the hon. Gentleman to go along with this—an economic liberal, like the Minister. I start off being sceptical of state intervention and I require that people demonstrate to me that a market failure is both obvious and substantial. I was therefore very happy, when a number of us met the Minister to discuss these issues a few months ago, to take his suggestion and look at whether there was a non-regulatory way of trying to fix the problem of cowboy companies gouging vulnerable debtors with huge fees up front and failing to fix their fundamental, underlying problem.

I was happy to look at whether there were alternative ways of dealing with the problem, and I set up a meeting with the excellent people who work in what has become known as the nudge unit at No. 10 Downing street. They are some of the most terrifyingly clever people one could hope to come across, and they are advised by one of the two authors of the original book, "Nudge", who advise the Government on this issue. At the end of an hour in Portcullis house during which I fuelled them copiously with coffee because I knew that I would be able to make no other contribution to their deliberations, they reluctantly concluded—I think they were genuinely reluctant—that there was no obvious way of nudging this category of consumers.

Hon. Members have talked about the consumers in question, and about their state of mind and character. My hon. Friend the Member for East Hampshire described them, and while he was doing so I realised that he could have been describing me. There was the tendency to respond to advertising, and the unwillingness to open letters. Certainly, we Members of Parliament all feel, when we get personal letters, that we have had enough letters in the week. He missed out one vital element that certainly describes me: the total brain-freeze that seizes a person whenever they have to consider their personal finances. Last year, on my election to the House, I forced myself, for the first time, to draw up a budget for the year, and it is not a process that I intend to repeat soon.

We can all understand that for a person on a much lower income than any of us in the Chamber, and for a person whose costs were much more unforgiving than ours, it would be much more difficult to make a purely rational decision. They would be much less likely to ask themselves, "How is it that these people are able to do all this for free? Where will they send that money in the first few months? How quickly will my debts go down, and will they go down as quickly as they would if I went to another provider?". It is simply unrealistic to expect consumers of that kind, in that situation, to go through the right process of questioning.

[Nick Boles]

Is there a way of making sure that those consumers are at least fully aware of, and given all the required information about, the alternatives on offer? People have talked about Google, and requiring companies that charge consumers to mention the free advice systems. The difficulty is that there is almost no nudge that will overwhelm the advertising that could be funded by the huge fees that companies get. Even Google—a company that I admire greatly, and that is generally very keen to be socially responsible—will find it hard, on its own, to overwhelm the marketing brilliance of commercial operations that have a certain ruthlessness in their approach. As a result, I—and, more importantly, the nudge unit at No. 10—reluctantly concluded that there was no nudge available that would do the job.

As an economic liberal, I then forced myself to go to the next stage, and ask: is this market failure substantial, and is it obvious? I think that the answer is yes on both counts. It is substantial because the disparity between the information available to the consumer and the information available to the person selling to them is great. There are all sorts of areas where all of us, across the House, accept that that is the case, and that regulation is therefore necessary.

We believe, by and large, that it is important for consumers to know up front that cars have certain safety mechanisms in them, because most of us are not sufficiently well versed in checking for ourselves whether a car's brakes fulfil the standards. We have myriad building regulations because we do not believe that consumers building, buying or moving into houses have any possibility of second-guessing whether the plumbing system will work, or blow up beneath them. We do the same with boilers, and with health care: we expect and require anybody providing laser eye surgery, or any other kind of operation, to be subject to specific regulations, because consumers cannot possibly second-guess whether those products are being provided safely. I would argue that the same applies to the consumers, and the product, that we are talking about.

We reached that conclusion a number of years ago in relation to other financial services. We decided that it was essential to regulate the fees that could be charged by independent financial advisers offering people mortgage, pension or endowment policies and products, for very similar reasons—we did not think that consumers would have the ability or information to assess whether fees were fair. Financial products are innately complicated, and we long ago concluded that consumers needed to be protected from the sharp practices of some providers.

What should the Government do? In the debate, two approaches have been proposed. The reluctance to regulate in a crude way is so deeply instilled in Government Members that they have proposed audits and restrictions on the percentage of fees that can be charged up front, on cold calls and on the worst practices of debt management companies that charge consumer fees. Listening to the debate—and I have genuinely changed my view slightly during it—I have come to the conclusion that going down that route would require enormous expenditure on regulation and enforcement. If we had to enforce measures on cold calls and on auditing everyone, as well as measures on the exact proportion of the fee taken from the repayment in a number of months, that would require such huge expenditure in the Office of Fair Trading that I fear it would be unrealistic.

I have concluded—no doubt the Minister will change my views yet again—that there is a simpler approach. We should take that spectacularly successful commercial model—fair-shares funding by creditors—and make it compulsory for any debt management company to make its money in that way.

Alex Cunningham: I have a simple question for the hon. Gentleman. Does he really believe that cold calling should still be allowed?

Nick Boles: I do not. I think that cold calling is a terrible idea, but I have good news for the hon. Gentleman: cold calling will die out automatically if all debt management companies follow the fair-shares model. There is not sufficient revenue available from the creditors to fund any of those dodgy marketing practices. That is why CCCS and Payplan do not indulge in those practices. To some extent, we are not here to save one commercial company and not another one, but they do not do so because their fair-share payments from the creditors do not make that possible. It is only because the fee-charging companies charge such huge up-front fees to consumers that they can afford to spend all that money to get them in in the first place.

The good news is that those bad practices would die out. On the other hand, we would have to do something else: we could not just require debt management companies to operate on that model. We would have to require creditors to make it available to all debt management companies, because none of us is in the business of somehow skewing the market towards one or two providers. We would have to require the creditors to offer that to any company that passed the basic regulatory requirements.

I understand that that would be a big step for any Government. The good news is that the legislation is already in place. The Tribunals, Courts and Enforcement Act 2007 is already on the statute book. Part 5, which envisaged setting up regulations for debt management advice, has never been activated, because a commencement order has not been laid. My final suggestion to the Minister is that the Government should bite the bullet and lay that commencement order. They should introduce a simple regulation to enable strong, competitive and profitable commercial providers of debt management advice to flourish by offering advice funded by fair shares from creditors, thereby ensuring that the interests of some of the most vulnerable in our society at some of the most worrying times in their life are protected.

5.14 pm

Ian Murray (Edinburgh South) (Lab): This afternoon's debate has shown the passion of Members across the Chamber about this important subject. I congratulate my hon. Friend the Member for Stockton North (Alex Cunningham) and the hon. Member for Chatham and Aylesford (Tracey Crouch) on securing the debate through the Backbench Business Committee and pay particular tribute to my hon. Friends the Members for Makerfield (Yvonne Fovargue) and for Darlington (Mrs Chapman), who is not in her place, for doing so much to highlight concerns about debt advice and debt management. They are all strong advocates for their constituents, dogged

campaigners and great champions of free debt advisory services such as Citizens Advice. We must put on the record our thanks to them for bringing such important information before the House.

Every life blighted by the spectre of debt is one too many. The human and family cost of uncontrollable debt should not be underestimated. The debate is often couched in terms of numbers and regulations, as we have heard this afternoon, but we must not lose sight of the fact that debt can often cost relationships, employment and, tragically, lives.

We come to the House this afternoon at a time of great economic uncertainty, which makes the debate even more important. Inflation stands at 5% and the sustained squeeze on wages has left many struggling to pay everyday bills, heat their homes and buy essentials. With Christmas around the corner, families will be under even more pressure as a result of financial worries.

Many consumers have got into debt by borrowing via credit cards, finance deals, overdrafts and unsecured personal loans. In numerous cases, as we have heard this afternoon, that is not down to reckless spending or people living beyond their means; too often it is due to the harsh reality of rising living costs. A recent survey found that such costs alone may force 71% of UK consumers to use savings, credit cards or overdrafts in order to meet the cost of bills—the trap of using debt to service debt. For others, it is down to a shock in their personal lives, such as unemployment, divorce, bereavement or ill health, and there is evidence that around half the people with debt problems are in that predicament because of some such tragic life event. That shows that the spectre of debt could fall on any of us at any time, as the hon. Member for Grantham and Stamford (Nick Boles) explained earlier.

There are numerous types of debt, from bank loans and overdrafts to credit cards and finance agreements, but one of the largest increases in indebtedness is due to debt to Government Departments and agencies, which has not been mentioned today. That includes those who have accrued arrears in council tax, benefit overpayments, payments to the Child Support Agency or Her Majesty's Revenue and Customs, and even TV licences. Most concerning of all is the number of people with high-cost credit debt who are seeking advice. Debt due to loans from payday and high street lenders has rocketed in the past 12 months. The Money Advice Trust alone has seen the number of calls it receives increase from 200 a week to 1,000. That is hardly surprising, given that it is impossible to watch daytime television without being swamped by TV adverts offering easy high-cost credit on the high street or internet.

What happens to people when they fall into financial difficulties? Debt advice plays a critical role in helping to manage financial difficulties, but often people feel that accessing advice is stigmatising. Indeed, many fall into difficulty because of a lack of financial education. We should give a strong commitment to include financial education as part of the national curriculum in order to resolve some of today's problems tomorrow. An e-petition started by Martin Lewis of MoneySavingExpert has received over 100,000 signatures, so I hope that the Backbench Business Committee or the Government will find time for a debate. I commend the hon. Member for North Swindon (Justin Tomlinson) for doing so much on that not only in the House through the all-party group on financial education for young people, but in promoting financial education in schools.

With the OBR revising the level of personal debt in the UK dramatically upward, it is little wonder the number of people walking through the doors of citizens advice bureaux across the UK seeking debt advice remains high. Citizens Advice alone deals with almost 9,000 new debt problems every working day. It is that free and accessible expert debt advice that can play a key role in unlocking control of the debt. I would like to put on the record my thanks to Citizens Advice for the contribution it makes up and down the country in often difficult and challenging circumstances. It deserves the gratitude of the whole House.

Without access to free debt advice from organisations such as Citizens Advice, however, consumers will often seek other less affordable solutions from fee-charging debt management services in order to pay down debt—an issue that every Member who has spoken this afternoon has mentioned. Sadly, there are too many examples of abuse in the sector, and it affects some of the most vulnerable people in society.

When the Office of Fair Trading looked at such companies last year, it found more than 90% non-compliance with its own rules, noting that

"the findings from this review shine a spotlight on a market where poor practices appear to be widespread... it is clear that standards across this market are not as high as should be the case."

There is, therefore, a strong case for Government intervention.

Following the Government's consumer credit and personal insolvency review, the Minister committed to the development of a protocol setting out what was expected from a debt management plan, so in his response will he outline the progress that has been made on that?

I welcome the Minister's commitment to keep the legislative angle open, but he needs to go further now and consider a proper legislative response. It is disappointing that the Government have dragged their feet slightly on the issue, but they could commit today to respond properly to the OFT's report.

Calls for regulation in the sector have been echoed by fair-share debt operators, such as Payplan and CCCS, which provide free, immediate and ethical debt advice and repayment schemes to more than half a million people every year. They work closely with the organisations that are critical to resolving debt issues—the creditors. Much of their work comes from Citizens Advice referrals, and there is high demand for debt management plans, as every week more consumers reach the limit of their indebtedness and seek responsible solutions to their financial difficulties.

Based on information that I have received from Payplan, the number of people in that situation increased from about 300,000 at the start of 2010 to more than 560,000 by the end. Like Citizens Advice, it fears that in the absence of an effective regulatory framework many vulnerable customers unfortunately receive poor and unsuitable advice from the fee-charging debt management companies that they contact for help.

Such consumers are often charged up-front fees for services that should be free, with charges not being clearly explained before they enter into an agreement. My hon. Friend the Member for Stockton North gave

[Ian Murray]

some stark examples of that in his opening speech, and Consumer Focus has also expressed its strong concerns, stating:

"On the basis of the Office for Fair Trading (OFT) review, fee-charging debt management is a market which, at the moment, is largely failing consumers."

Debt advice does not need to cost, however. The fair-share models of Payplan and CCCS are effective at dealing with indebtedness and at getting debt under control. The Minister should look at enacting section 5 of the Tribunals, Courts and Enforcement Act 2007 to give consumers the statutory protection that they need through consistent industry standards, whereby only reasonable fees are charged and abuses of the system are rooted out.

Consumers who are often vulnerable need such regulatory protection. In fact, should we work towards a situation in which consideration is given to phasing out up-front charges or, even, fees all together? The idea has been highlighted in many speeches this afternoon.

Consumers need protection from the way fee-charging debt management companies advertise. During my preparation for today's debate, I had the television on in the background, and while it was on no fewer than three adverts for debt management companies popped up during the breaks, with reassuring claims to "wipe out debts" through "easy solutions" and "one easy monthly payment". We could be forgiven for thinking that they would solve all our financial problems at one stroke. As Members from all parts of the House know, however, that is simply not the case.

The up-front fee and structure of debt payments, whereby the companies take their cut before paying creditors, is not clear at all in the advertising. There is also no clear indication that such services can be accessed free. As my hon. Friend the Member for Darlington has articulated through her ten-minute rule Bill, statutory regulation, over and above the basic licensing and supervisory regime presided over by the OFT, is desirable in television advertising.

Over-indebted vulnerable customers are acting under stressful conditions and without the time or inclination to shop around. There should be adequate protection from rogue providers of debt advice, so that huge numbers of already indebted customers are prevented from falling into even greater financial difficulties. Indeed, the OFT's report states that

"advertising is the most significant area of non-compliance, in particular misrepresenting debt management services as being free when they are not".

The Government need to do more in this respect to ensure that consumers are fully informed about the processes and services available.

My hon. Friend the Member for Stockton North was right to be proud of the previous Government's financial inclusion fund, which focused millions of pounds of resources on providing free debt advice to those who were most vulnerable and most at risk. It is therefore disappointing that the current Government's record on helping with consumer debt funding is unclear. In January, they announced that funding to the financial inclusion fund would be cut, with the loss of 500 specialist advisers who work primarily through Citizens Advice, and then gave it a short reprieve of just a year. Were it not for the vocal opposition from Citizens Advice and other consumer debt support groups, along with hon. Friends such as, in particular, my hon. Friend the Member for Makerfield, the Government would have pursued that devastating policy on debt advice. The £27 million that has been allocated to the financial inclusion fund has given the Government a little time to consider how they will continue to provide crucial debt advice to the public. We know that, from April next year, the Money Advice Service will be responsible for the co-ordination of debt advice provision across the UK and has submitted funding proposals to the Financial Services Authority, but it would be helpful if the Minister updated the House on when and if the funding will be confirmed.

It is vital that the funding of free debt advice is maintained, particularly given the pressure on local government budgets, which could be significantly compounded by the changes to legal aid. Ministry of Justice figures show that the legal aid budget for debt advice is due to fall by a massive 75% from 2013. Last year, Citizens Advice dealt with 64,000 debt cases funded by legal aid. A 75% cut in future funding would reduce that number to just around 15,500. Potentially, tens of thousands of people will be left without the support and advice that they need in their time of need.

It would be remiss of the House to debate debt advice and management services and not to refer to the growing problem of short-term loans and the short-term loan market, which has been mentioned by hon. Members on both sides of the House. Over 1.2 million people use the payday lending market, not out of choice but out of necessity. Families are using doorstep and payday lenders who charge exorbitant rates of interest on these loans, piling on an unmanageable debt burden. It is not appropriate for the Government not to act. Should they not step in and regulate these markets in the interests of the most vulnerable and disadvantaged? My hon. Friend the Member for Walthamstow (Stella Creasy) has been a thorn in the Government's side in pursuing the high-cost consumer credit market. In doing that, a regulator could work with industry to ensure realistic reductions in exorbitant interest rates and charges. *[Interruption.]* I am delighted that my hon. Friend has obviously made a direct impression on the Minister.

There are lots of examples of solutions out there. That would not, as many fear, involve imposing an arbitrary interest rate cap that may exclude the very people who need access to short-term credit. Although tackling interest rates is crucial, it is but one strand of the many ways in which that sector can be regulated. There could be upper limits on the amount borrowed or on the number of times an individual can borrow to help to prevent multiple loans. There could be grace periods or time restrictions on paying off a loan and taking out another in order to prevent "rolling". A balance of regulation has to be struck to protect vulnerable consumers in this competitive marketplace.

Let us not forget to mention illegal loan sharks. I am pleased that the Minister has managed to continue to find funding for the specialist enforcement teams for the illegal money-lending project introduced by the previous Government. Those teams do tremendous work and have raised awareness and understanding of illegal lending.

I pay tribute to many of the speeches that have been made, particularly by my hon. Friend the Member for Stockton North, who spoke passionately about the effect of debt on the most vulnerable in our society. The hon. Member for Chatham and Aylesford—I believe that she is also a very useful footballer—pleaded for the banks to be more responsible and noted that 30% of those who go to debt management companies go bankrupt; that is something that we do not want to happen. The hon. Member for Meon Valley (George Hollingbery), who is not in his place, raised the subject of bailiffs, which is incredibly important to bear in mind in the context of this debate. My hon. Friend the Member for Scunthorpe (Nic Dakin), who is still sporting his Movember moustache—I am not, as it was shaved off by Andrew Neil this morning on the BBC—expressed strong concerns in relation to the provision of free debt advice, of which he has been a strong champion in this Chamber.

The hon. Member for Solihull (Lorely Burt) said that more information needs to be available to people when they need help. I think that everyone in the Chamber agrees with that. The hon. Member for North Swindon also deserves credit for all that he has done on financial education. The hon. Member for East Hampshire (Damian Hinds) raised the importance of credit unions and other lending organisations. I am delighted that he mentioned credit unions, because they have been left out of this debate a bit.

The hon. Member for Grantham and Stamford explained the nudge theory in Downing street. I thought that Nudge was the Downing street cat. Nudge is obviously alive and well in the industry. He also said that Payplan is in his constituency and does a good job in regulating the market in which it operates and in dealing with the debts of many of his constituents and the constituents of other hon. Members.

This has been an important debate. I commend my hon. Friend the Member for Stockton North for bringing the subject to the House. Given the economic outlook, the Government's political dogma of not admitting that their plan A is not working, and the spectre of higher unemployment, lower growth and shattered consumer confidence, it is unlikely that this issue will improve any time soon. Millions of families may struggle with severe debt. Access to free and independent debt and money advice services is vital for those in financial difficulty. Those services need to be funded in a sustainable way and they must meet the needs of all consumers, including, most importantly, the most vulnerable.

5.31 pm

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): This has been an excellent debate with contributions from all parts of the House. I will try to do credit to it in my response. I hope that I will be able to reflect on many of the excellent contributions.

The reason this has been such a good debate is that Members, from talking to their constituents, know that this is a huge problem. There is a rising tide of misery out there. It is incumbent on this House and this Government to respond to that in as many ways as we can. I will do my best to do that. For many years in opposition, my right hon. Friend the Secretary of State for Business, Innovation and Skills was critical of the previous Government because they did not take action to deal with the rising indebtedness of many families and individuals across the nation. He feels that we need to do as much as we can in government to deal with the misery that is the legacy of that increase in personal indebtedness.

In my initial remarks, I will go through each of the contributions and pick out points and respond to them. The hon. Member for Stockton North (Alex Cunningham) asked about the future funding of debt advice. The hon. Members for Chatham and Aylesford (Tracey Crouch) and for Edinburgh South (Ian Murray) also touched on that matter. I know that the funding of debt advisers under the financial inclusion fund is of great concern. The House will know that my Department has committed to continue the funding for this year.

Money Advice Service has also been clear that it intends to renew all existing grant agreements for the provision of face-to-face debt advice next year. It is in the process of securing funding from the Financial Services Authority for that, so that people in need have access to good advice. We look forward to that being confirmed by the FSA board over the next few days or weeks. It is considering the business plan put forward by Money Advice Service. Once it has made its decision, that business plan will be published. That answers another question from the hon. Member for Stockton North.

The hon. Member for Makerfield (Yvonne Fovargue) made an extremely informed contribution. I would like to pick up on her point about the importance of the Citizens Advice brand. That is critical to how we address these issues. People in distress, who may be suffering from mental health problems, family breakdown or any of the other things that compound the problems of debt, often do not know where to turn. As Members have said, they can react to the first piece of advertising that they see and end up in the wrong place. We need to ensure that everyone knows of the existence of the free debt advice that is available and knows that that is where they should go. I believe that, because the Citizens Advice brand is so well known and so trusted, it is the brand on which we need to build. I am grateful to her for making that point.

My hon. Friend the Member for East Hampshire (Damian Hinds) rightly talked about credit unions. He also touched on the research that the University of Bristol's personal finance research centre is doing, having been commissioned by the Government to look into whether a cap on the total cost of credit is the right way forward. We will await that research before making any further moves in that area.

My hon. Friend the Member for Grantham and Stamford (Nick Boles) made interesting comments about the nudge unit. I do not know whether there are minutes from that meeting. He also talked about the different regulatory approaches that we could adopt. Not only will I think about what he said, but I am very happy to meet him to discuss it further.

My hon. Friend the Member for Solihull (Lorely Burt), in a very effective contribution, praised the OFT for how effective its crackdown has been. She asked for it to be given more resources and more teeth, and she gave some ideas about how we could obtain those resources.

The hon. Member for Meon Valley (George Hollingbery), who is no longer in his place, mentioned bailiffs. I will relay his remarks to my colleagues in the

[Mr Edward Davey]

Ministry of Justice, because it was clear that the House felt strongly about the matter.

The hon. Member for Scunthorpe (Nic Dakin) talked about learning from other countries. The research that is being conducted on the proposal for a cap on the total cost of credit that can be charged by high-cost lenders will include a consideration of regulation in other countries, including those that have rate caps. He talked about the idea of a real-time database, and other colleagues also picked up that subject. I think it is fair for me to inform the House that the company behind that database, Veritec, has had meetings with officials in my Department, in No. 10 and in the OFT. We are considering the matter, but I am not making any commitment now—that would obviously be quite wrong. If a decision were taken to regulate the payday market more, the experience in other countries would have to be considered further.

We are opening discussions with stakeholders on how we can increase data sharing for the benefit of consumers. We will also explore the issue of credit scoring and whether high-cost credit providers should provide data to credit reference agencies. The hon. Member for Makerfield asked about that, so it is important that I make that point.

My hon. Friend the Member for North Swindon (Justin Tomlinson) again stressed the importance of education, and he is absolutely right. We are working with the Money Advice Service and the industry to see if consumers can be helped in considering whether a credit product is right for them before they purchase it. That will play a role.

The hon. Member for Edinburgh South pressed us on payday loans, as did a number of other colleagues. I can say that we have started intensive discussions with the payday loan industry to ensure that future codes of practice contain the consumer protections that we believe are needed to address the concerns that blight the market. I have personally written to the trade associations highlighting the importance of that work and my concerns about specific issues such as continuous authority. I will also meet them during the process. Payday loan companies dipping in and out of people's bank accounts, taking money set aside for rent and food, is simply not on, and we need the codes of practice to reflect that.

I wish to turn in more detail to debt advice. Inevitably, some people will fall into financial difficulties, and when they do, I want them to be empowered to make the right decisions for themselves about their finances, and to have access to the appropriate debt advice when they need it. The Money Advice Service will take forward the co-ordination of debt advice delivery from April 2012, and my Department has provided the necessary funds to research and develop a new multi-channel debt advice service across the UK.

The interim findings of that research have highlighted a number of key principles, which the Money Advice Service will take forward in its delivery strategy. Those principles include some critical points. For example, people should know where, when and how to access the right debt advice for them. That relates to the point about branding that the hon. Member for Makerfield mentioned. The Money Advice Service's research shows that there should be a standard set of approved tools that are well understood and used by advisers, which will help to ensure consistent, quality responses for consumers with similar issues.

The research also suggests that digital self-help should be much more widely available and awareness of it increased. People for whom digital services are appropriate should be encouraged to use them, but of course they will not be appropriate for some people, and they can be encouraged to access existing telephone services, which must remain a key option.

Above all, face-to-face advice has to be available for service users who have particularly complex debt or who have accessibility problems with other channels. Indeed, more face-to-face outreach services need to be developed, because as we have heard in the debate, many people are unable or unwilling even to come to a citizens advice bureau but nevertheless need support. Face-to-face services need to be improved and be more quickly available, although there are already some excellent services. That is what is coming out of the research. We hope that the new model, on which I have put an awful lot of emphasis, can be in place for 2013.

As well as debt advice, people who fall into financial difficulties need access to remedies that work effectively for both them and their creditors. Before concentrating on what the Government are doing in relation to debt management companies, I should like to outline some matters on which we are proposing important action. On 7 November, I published a consultation on proposals to reform the application process for bankruptcy. Bankruptcy is an appropriate route for some people to deal with their financial difficulties, but it is apparent from earlier consultations on proposals to reform how debtors petition for their own bankruptcy that people see clear benefits in removing the court from the process while providing the necessary safeguards.

I also want to ensure that the most appropriate route is provided when bankruptcy is applied for by a third party. That means involving the courts when there is a dispute between parties on whether bankruptcy is a proper outcome. However, when there is essentially no disagreement—in other words, in the vast majority of cases—I believe a more streamlined route into bankruptcy can be found. The new process will encourage debtors and creditors to resolve their issues when possible before applying for bankruptcy.

In addition, as promised in the Government's July response to the review, on 17 November I published a consultation on bankruptcy and its effects on the ability of the individual to access a bank account. All hon. Members would agree that a bank account is one of the most basic requirements of financial inclusion. It allows people to carry out basic financial management tasks in a simple way and can also save them money, because there are often discounts for direct debits. The concern is that bankrupts are unnecessarily excluded as a consequence of their bankruptcy. The consultation seeks evidence on that situation and on how best to remedy it.

Sadly, I am very familiar with the problems in the debt management market, but I would like to thank hon. Members who have raised their concerns and added to this debate, particularly regarding the unscrupulous behaviour of some fee-charging companies. It is worth noting that since the Office of Fair Trading compliance review in September, a total of 70 businesses have exited the debt management market—70 businesses that were failing to comply with OFT standards have gone.

As the Commercial Secretary to the Treasury and I said in July, we believe that more can be done. I am pleased to report that my officials have opened discussions with stakeholders from all sides—fee-charging companies, free-to-debtor providers, and creditors and debt advisers—to explore how a debt management protocol might work. That should help to improve standards, guide debtors towards better-quality advisers and providers, and leave no room for the rogue elements within the industry.

Hon. Members asked a range of questions on the powers of the OFT in tackling debt advice and management. It is important to remember that we have a regulation—the OFT has the right to charge debt management companies for the credit licence, without which they cannot operate. The OFT manages that and will soon publish revised guidance for debt management companies, which we expect early in the new year. Debt management companies should comply with the guidance. If they do not, they are in danger of the OFT revoking their licence or fining them. We need to consider that and to build on it. Indeed, many of the responses to the consultation on whether we should change the regime for consumer credit regulation say that the OFT works well. However, people would like it to do more and to have more powers. Those responses were echoed on both sides of the House during the debate. I obviously cannot pre-empt what the Government will say in response to the consultation, so I am limited in what I can specify today, but I refer hon. Members to the consultation, because it is an important part of the way forward.

I shall try to rattle through a few other points that were made on the OFT in the short time that remains. Hon. Members quite rightly talked about how social media—Google, Twitter, Facebook and so on—are being abused by a number of those companies. The OFT consulted on that earlier this year and has revised its guidance, so it now states:

"Licensees who advertise or sell online or by email must comply with the Electronic Commerce…Directive"

It also states:

"Before using internet based and social media marketing, licensees should consider whether they can exercise adequate control over its content…The OFT considers that search engine sponsored links and online messaging forums which limit the number of characters are unlikely to be an appropriate means of providing…balanced and adequate information."

That is typical technocratic language to say that the OFT will act in this area. My hon. Friend the Member for East Hampshire raised the point about the social responsibility of Google, and I hope that it listens and responds to his remarks.

On cold calling, the OFT's revised guidance on credit brokerage and debt management sets out a number of specific practices relating to cold calling of consumers that it considers unfair or improper business practice.

On advertising, the OFT has taken a market-facing approach in the past few years to tackle bad practice in the market. For example, it took well publicised action against firms that sent misleading IVA mailings to customers or used lookalike websites to mislead customers into believing that they were charity-based sources of free debt advice.

I have rattled through a few of the issues. What I wanted to convey to hon. Members is that we are focused on those and that we are listening both to this House and to people responding to our consultation to see what we need to do to improve our current regulatory regime.

I am extremely grateful to the House and to the Backbench Business Committee for allowing this debate. I know that a number of Members—the hon. Members for Stockton North, for Scunthorpe, for Makerfield and my hon. Friend the Member for Chatham and Aylesford—helped to precipitate the debate. I hope that it has made a major contribution to our thinking and to the thinking of those who are part of this process.

5.46 pm

Alex Cunningham: I, too, believe that we have had a good and measured debate this afternoon. I am also grateful to the Backbench Business Committee for granting us the time to do this and to the many Members—there were quite a few of us—who supported the idea of having this debate.

Hon. Members have made it very clear that they have deep-founded concerns that the people who find themselves in crisis should get the help and support that they need. It was good to see how much we agreed on, though there was a little on which we disagreed as well.

I am grateful to the Minister for his response to the issues that hon. Members have raised this afternoon; he has much to address. He is one Minister who listens and responds positively. He has trailed for us in his response some things on the future funding of advice services and he has also talked about possible changes in the OFT's approach to some of its powers and interventions, which is very welcome. However, the proof of the pudding will be in the eating, and we look forward to it coming out of the oven.

I know that the Minister shares our tremendous concern for the victims of debt and debt management companies. I am pleased that he has taken on board all that has been said today. Perhaps one day he will welcome the end of the fee-charging companies that have caused so much damage.

Many hon. Members have outlined not just the anguish suffered by people who find themselves deep in debt, but the tremendous benefits to the individuals, to the families, to their health and to the economy of appropriate advice, action and protection. When the Minister leaves the Chamber today, I hope that he will talk to his officials, the charities and the other organisations about the solutions and that he will remember the strength of feeling across the House today. I hope that the debate will spur him on to ensure that we get early action to address all the issues that have been raised today. I look forward to seeing what will happen in the future because only the Government can deliver the action that we need.

Question put and agreed to.

Resolved,

That this House has considered the matter of debt advice and debt management services.

Business without Debate

BUSINESS OF THE HOUSE (7 DECEMBER)

Ordered,

That at the sitting on Wednesday 7 December, notwithstanding the provisions of Standing Order No. 20 (Time for taking private business), the Private Business set down by the Chairman of Ways and Means shall be entered upon (whether before, at or after 4.00 pm), and may then be proceeded with, though opposed, for three hours, after which the Speaker shall interrupt the business.—*(Mr Heath.)*

BUSINESS OF THE HOUSE (8 DECEMBER)

Ordered,

That at the sitting on Thursday 8 December paragraph (2) of Standing Order No. 31 (Questions on amendments) shall apply to the Motion in the names of Angus Robertson and Mr Elfyn Llwyd as if the day were an Opposition Day; and proceedings on the Motion may continue for three hours and shall then lapse if not previously disposed of.—*(Mr Heath.)*

Phenylketonuria (Kuvan)

Motion made, and Question proposed, That this House do now adjourn.—*(Angela Watkinson.)*

5.49 pm

Kwasi Kwarteng (Spelthorne) (Con): I am grateful for the opportunity to raise the issue of access to Kuvan for sufferers of phenylketonuria. I believe that the most important part of our job in the House is to represent our constituents as conscientiously as possible. It is also our job to bring forward issues of national interest that, even though they might come to us initially as matters of individual complaint, relate more widely to national concerns. In raising this issue of access to Kuvan, I hope to fulfil both these important functions.

I want to raise this issue tonight for one simple reason: a constituent of mine, Mandy Macedo Box, who lives in Shepperton, has a six-year-old son who suffers from PKU. Mrs Macedo-Box's son, Charlie, happens to have a particularly severe form of the illness. PKU is a relatively rare and unknown liver disease. Its sufferers have to restrict all protein-containing food in their diet in order to survive and to avoid damage to both the brain and the nervous system. About one in every 10,000 people has PKU. Sufferers can never eat food that has a high protein content, such as meat, dairy, bread and cakes, while foods containing lower amounts of protein, such as vegetables, can be eaten, but only in small amounts. Only fruit can be eaten safely.

To maintain this low-protein diet, sufferers have to work out a complex diet of "exchanges", which often includes prescription products, such as imitation rice or protein-free bread. As well as this very restrictive diet, sufferers often have to take a number of supplements to help their bodies function normally and to reduce their appetite. I am sure that Members can imagine how restrictive and detrimental to the quality of life this can be, especially for children and their families.

There is now a drug on the market that has been developed to help with the treatment of mild and moderate cases of PKU. This drug, Kuvan, enables sufferers to double the amount of protein that they can tolerate, which obviously means an increase in the amount of real food that can be ingested. I am sure that you can imagine, Mr Deputy Speaker, the huge improvement in the quality of life that such a drug would bring to many sufferers of PKU. Unfortunately, however, as is often the nature of these things, the drug is not guaranteed to work in Charlie's case. It has therefore been proposed that Charlie take the drug for a trial period of one month so that doctors can determine whether it can help his condition.

The drug company that manufactures Kuvan has offered to make the drug available to Charlie's local health authority, NHS Surrey, on this trial basis on the understanding that should the trial be successful, NHS Surrey would agree to fund the drug for patients with PKU in Surrey in the future. I understand that similar arrangements have been offered to other primary care trusts. However, the crux of the problem is that in Surrey the local area prescribing committee is simply unwilling to make this undertaking because—it claims—there is

"limited evidence of ongoing clinical effectiveness, and lack of cost-effectiveness"

of the drug.

To put it simply, we are now in the absurd position where the drug company will not commit to a trial period unless the PCT can guarantee future funding should the trial be successful, while, on the other hand, the PCT will not commit to a trial period because it cannot guarantee future funding because it is not sure that the drug will work. While this stand-off continues, the quality of life for a young boy in my constituency and many other sufferers of PKU continues to be seriously impaired simply because they have no access to a drug that might help to alleviate the symptoms of the disease.

To make matters even more frustrating for Charlie and others like him who are desperate for some non-dietary treatment, we know that Kuvan, although not available to many PKU sufferers in the UK, is routinely made available to patients in European countries such as France, Germany, Italy and Spain. It simply does not seem right that, despite the many miracles that we all know the NHS performs every day, British patients should be disadvantaged in that way, compared with their peers on the continent. It is in that context that I feel that a solution to the impasse must be found. Why can British sufferers of this disease not access the drug on the national health service? An answer might lie in the fact that the National Institute for Health and Clinical Excellence has not yet positively approved the drug. If that were to happen, some progress may well be made.

Finally, I find it quite striking that in an area where we are supposed to be supporting a great British business—pharmaceuticals—we should not be able to provide funding for the drug, thereby restricting the opportunities of many thousands of people in this country.

I am grateful to the House and to you, Mr Deputy Speaker, for the patience that you have shown in this debate—and, in fact, for your consideration in granting it. This may seem a small issue, but it has a massive bearing on the quality of life of those affected—both the sufferers and their families. It is quite right that it should be aired in the highest possible arena, which is what this House represents. I urge the Government to do all they can to find a solution to this grave dilemma.

5.56 pm

The Minister of State, Department of Health (Paul Burstow): I congratulate my hon. Friend the Member for Spelthorne (Kwasi Kwarteng) on securing this debate and on setting out so clearly, on behalf of his constituents, the concerns that they have brought to him and the concerns that he, in turn, wanted to ensure the House properly addressed this evening. He is absolutely right: that is exactly what Adjournment debates are for. They are an opportunity for constituents' concerns to be raised in this House, and I pay tribute to him for doing so.

My hon. Friend talked about the case of Charlie and the situation facing him and his family. He will understand that the necessity for patient confidentiality meant that until I heard his speech, I was not aware of that specific case from the briefing that I had to prepare for this debate. However, I hope that I can give him a response that will none the less address a number of the important points that he raised. As part of the preparation in advance of this debate, my private office supplied me with a copy of the postings on the Phedup website that talk about Charlie's case. One can feel only strong sympathy for the concerns that my hon. Friend has raised on behalf of his constituents. As a 12-year-old boy, Charlie wants to be like every other young person growing up. He does not want to be different from his cousins. That point comes across clearly from the website.

I cannot deal with all the details, but I understand how important it is for children with phenylketonuria to be treated early and to receive the most effective treatment from the NHS. As my hon. Friend rightly said, the condition affects around one in 10,000 babies born in England. Those with phenylketonuria—or PKU, as it is more commonly known—are unable to break down the amino acid phenylalanine, which builds up in the blood and, critically, the brain. In most people with the deficiency, food is not broken down by the enzyme known as phenylalanine hydroxylase, or PAH—I will stick with the initials from now on, if I may. In people with PKU, the PAH enzyme function is impaired because of a genetic mutation. As a result, phenylalanine levels in the blood and other tissues rise, which can lead to brain damage and, in some cases, learning difficulties.

Without treatment early in life, the outlook for those with PKU is very poor. Most people will develop severe learning disabilities and will require constant care. With treatment, however, the outlook can be incredibly good. Since 1969, the NHS has screened newborn babies for PKU, so early detection is commonplace in this country. Following a low-protein diet and taking regular dietary supplements containing amino acids helps keep the phenylalanine levels low, avoiding the terrible damage that the condition can inflict on a person. Specially formulated low-protein foods and nutritional supplements are available on the NHS, and GPs are able to prescribe them to treat patients with PKU. As with any condition that requires constant management and attention from—

6 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—*(Angela Watkinson.)*

Paul Burstow: Thank you, Mr Deputy Speaker. I was not prepared for that procedural intervention.

As I was saying, any condition that requires constant management and attention from birth can be an incredibly stressful one, as my hon. Friend captured in his remarks. I appreciate how difficult it must be for children and their parents or carers to maintain the protein-free diet necessary for the majority of patients with PKU. From what I understand about the condition, children with PKU cannot eat many of the foods that we all take for granted. Some of the pleasures of life are not available to them, which makes simple day-to-day activities like going to school difficult. Again, I very much understand the desire to see a child living a life that is not different from that of their peers. That point was powerfully made, as I said, on the Phedup website when I looked at it today.

The Government recognise the importance of maintaining this diet. That is why a range of food and nutritional supplements are provided by prescription on the NHS. The committee responsible for approving these products definitely understands the importance of

[Paul Burstow]

providing a range of products for patients and takes special care to make sure that these products are approved for NHS use.

This debate is primarily about the role of a new drug, Kuvan, and how it can change individuals' lives if it is made available because of how it can deal with the problem of phenylalanine levels in children and adults with PKU. Kuvan is a synthetic form of a vitamin that helps PAH enzymes work better. However—here we come to what I fear is the important point—the drug is not believed to be universally effective. It works only in some cases for some types of PKU, depending on which precise PAH gene mutation is present. As I understand it, only about four in 10 patients are likely to benefit from it. As my hon. Friend said, the benefit is determined only after a month, and through a blood test. Kuvan is more likely to benefit those with the milder forms of PKU, and most people would still need to continue with their dietary treatment. The drug might enable them to eat a few grams of protein, but would not allow a complete reversion to a conventional lifestyle and diet.

Let me deal with the role of the primary care trust in all of this. PCTs are legally obliged to provide funding so that drugs positively appraised by NICE are available on the NHS. This includes drugs with European orphan designation. In the absence of NICE guidance—for instance, where NICE has not appraised a treatment or is in the process of doing so, or where NICE has not recommended a treatment for use on the NHS—the PCTs are responsible for making funding decisions based on the needs of their populations.

I understand that the Surrey NHS area prescribing committee has considered Kuvan and has taken a decision on the basis of the evidence not to make it available in Surrey. The panel, which included GPs and other clinicians, considered the available clinical evidence, together with supporting information from parents of children diagnosed with PKU. After full and careful consideration—my hon. Friend has quoted this—it concluded that there was insufficient evidence to support the use of Kuvan at this time.

Doctors can request treatments that are not usually funded on behalf of their patients through an individual funding request, if they feel that there are exceptional clinical circumstances. I understand that a further request has been made by the Great Ormond Street Hospital for Children NHS Foundation Trust. I believe it has led to further correspondence between the PCT and the trust. At the moment, the foundation trust has not supplied all the information necessary for the application to be properly considered. I hope that that information will be provided and that consideration will be given to those representations by the foundation trust. I shall also ensure that the report of today's debate is made available to the primary care trust, so that its members can see for themselves the representations made by my hon. Friend.

Under the NHS constitution, patients have the right to expect local decisions about the funding of medicines and treatments to be made rationally, following proper consideration of the evidence. To help PCTs make those difficult decisions, the Department has issued a set of core principles. PCTs are required to have clear and transparent arrangements for local decision making on the funding of drugs, and for consideration of exceptional funding requests.

My hon. Friend asked how we could address these difficult issues in the future. We want to improve access, on the NHS, to innovative medicines that are effective, particularly those that can allow a fellow citizen to lead as normal a life as possible. We will do that by reforming the way in which companies are paid for NHS medicines, adopting to a new value-based pricing system when the current pharmaceutical price regulation scheme expires at the end of 2013. That will bring the price that the NHS pays more into line with the value that a new medicine delivers in terms of the benefits that doctors and patients gain from a drug. The aim of the new pricing system is to create a system that has the capability to include the broadest possible range of new medicines. When possible, we want to avoid creating different processes for different treatments.

I understand that some people with very rare conditions—including, I suspect, the one that we are discussing—who want to gain access to a particular treatment fear that their cases will not be considered fairly under the new system because they are among a tiny minority who would benefit in such circumstances. We will keep an open mind, and if, as we continue to develop our plans to implement value-based pricing, it becomes clear that some treatments for the very rarest conditions would be best dealt with through separate arrangements, we will consider those options.

I well understand the need for this matter to be raised in Parliament. I will ensure that the points that have been made today are taken up with the PCT as it gives further consideration to the case being advanced by the foundation trust and by the family. I assure my hon. Friend that the Government's priority is to ensure that NHS patients, including those living with phenylketonuria, are able to gain access to the most appropriate treatments in order to manage their conditions.

My hon. Friend has raised an important point about the need to ensure that the quality of life is properly respected, and that, in the very rare cases of phenylketonuria, that respect is reflected in the provision of drugs that allow a child to enjoy a wider range of meals and, as a result, grow up as a normal child with a normal life. I hope that he feels heartened by the debate, and that, as a hard-working constituency Member of Parliament, he will be emboldened to pursue this matter further.

Question put and agreed to.

6.8 pm

House adjourned.

Westminster Hall

Tuesday 22 November 2011

[HYWEL WILLIAMS *in the Chair*]

Horse Racing (Funding)

Motion made, and Question proposed, That the sitting be now adjourned.—(*Stephen Crabb.*)

9.30 am

Matthew Hancock (West Suffolk) (Con): It is a pleasure to speak under your chairmanship, Mr Williams, and to see my hon. Friend the Under-Secretary of State for Culture, Olympics, Media and Sport, or the Minister for horse racing, as he is known in Newmarket, in his place.

I applied for this debate because the future funding of horse racing remains in a parlous condition. Although the Government have shown willingness to deal with the matter—no one doubts the Minister's personal commitment—more action is needed.

Horse racing has, for centuries, been part of our national heritage. It has been interwoven in our national life from the time King Charles II took Nell Gwynne to Newmarket for a month in the spring and a month in the autumn and races were used to keep up the quality of bloodstock during times of peace. The current exhibition of early actresses at the National Portrait Gallery shows the beauty and other attractions of Nell Gwynne, so I understand the desire of King Charles II to spend two months on the plains of Suffolk to enjoy all the riches on offer.

The sport was about not just bloodstock but high entertainment, and so it is today. Racing is the second most watched sport after football in this country. It contributes more than £3 billion to our economy, and employs more than 100,000 people, 5,000 of them in and around racing in Newmarket. None the less, racing's finances are in jeopardy. In 2010, the number of foals born in the UK fell by a sixth. The number of horses in training has been falling consistently over the past three years. The root of the issue is a breakdown in funding. The most important part of the funding for the industry is the levy—the money that betting pays to racing in return for the races on which people bet—and as we know, it has fallen dramatically.

The changes in the way that people bet and the move to more and more online gambling are at the heart of the matter. Racing has moved into a modern world and outstripped the outdated and outmoded outfit that has determined its funding—the levy system. Prize money has almost halved since 2009, dropping from around £65 million to £34 million this year. Prizes are in freefall compared with our nearest competitors. At Newmarket, a win in a middle-ranking race will net around £6,500; at Longchamp the equivalent is more than £21,000. Across the country, prize money has fallen by about a third over a couple of years.

Julian Smith (Skipton and Ripon) (Con): Does my hon. Friend agree that for smaller race courses, such as Ripon in my constituency, the issue of prize money and its value is a major prohibitor to attracting good races, and for smaller race courses that is one of their biggest challenges?

Matthew Hancock: If the problem is serious for Newmarket, it is even more serious for many smaller race courses, especially if the prize money hardly pays for the diesel to get the horse to the race. If a horse comes third or fourth, the owner's costs are not even covered, and if an owner's costs are not covered even when their horse wins, one of the great incentives for owning a horse is removed. Of course people own race horses for all sorts of reasons, not least the glamour of the winning enclosure and the thrill of their horse being the first to cross the line. None the less, it is important for an owner at least to have the dream that they may make money from their horse. People who own race horses are normally realistic about the fact that they may not get back their outlay, but they should at least have the hope that they can. The fall in prize money is central to a fall in the attractiveness of owning and breeding race horses.

The fall in prize money reflects the fall in the value of the levy itself—from £111 million in 2003 to £60 million in 2010. Will the Minister assure us that we can make the changes that are necessary to put the funding on a sustainable footing; that in the sale of the Tote there are commitments to racing that will be fulfilled; and that the money that used to come directly from the Tote and will now come through the deal agreed during its sale will still happen? The Tote, although smaller in cash terms, is another important part of the funding of racing.

Some progress has been made. It looks as though last year's yield on the levy will come in at around £65 million, well below the target of £71.4 million, which in itself was too low. This year's target is marginally higher, and it has been underpinned by a guarantee from three of the big bookmakers. The Levy Board will spend an extra £5 million in 2012, £4 million of which will go in prize money. Welcome as such a move is, it is merely damage limitation. A long-term solution to the levy needs to be put in place, not least because of the adversarial nature of the levy. Instead of the racing industry and bookmakers working together to provide a product that is great for the punter and good for racing, they have an adversarial relationship, which needs to be addressed.

Grahame M. Morris (Easington) (Lab): I congratulate the hon. Gentleman on securing this important debate on the future of horse racing. Does he agree that the most important factor is a level playing field between onshore and offshore betting operators to fund the future of British horse racing?

Matthew Hancock: I was just about to come to exactly that point, so the hon. Gentleman is prescient. There is consensus that the system is broken and needs to be reformed. We have no God-given right in Britain to some of the best racing in the world.

Philip Davies (Shipley) (Con): My hon. Friend mentioned the fact that the levy is going up, which must be welcomed by everybody. Does he not agree though that that is only half the story and that one of the other major

[Philip Davies]

costs for bookmakers is the media rights that they pay? After 2012, those will increase by £50 million a year, which is a huge windfall for the racing industry. It will even benefit race courses such as the one in the constituency of my hon. Friend the Member for Skipton and Ripon (Julian Smith).

Matthew Hancock: I am not surprised that the amount being paid by bookies for picture rights is going up, not least because of the attractiveness of the sport and the amount of interest in racing. Of course the rise is good news but picture rights are only part of the story, because when a punter bets on a race the bet is based on the racing product that underpins it, so picture rights alone cannot be the answer to the question of how to fund horse racing.

I come now to what will be the core of my argument today and the core of the question that I will put to the Minister. During the last decade or so, what has been central to the fall in the value of the levy is the removal from British shores of almost all the big bookmakers. Of the 20 biggest bookies, only two are now domiciled in the UK. As I said earlier, that change reflects changes in technology that mean we can bet more online and over the phone. However, we must recognise the change and deal with it, if we are to put matters right.

The fact that bet365 and Coral are still onshore is great news, but we should not be in a position where we have to be grateful to bookies for staying onshore. The idea that we should thank people for paying the tax that they are due to pay is not one that we apply anywhere else in the tax system. In fact, everywhere else in the tax system we are pretty firm if people do not pay their tax. Although I am grateful that those two bookmakers—bet365 and Coral—have stayed onshore, many independent bookmakers cannot move offshore; they do not have the capacity to do so, as they are too small. Consequently there is not a level playing field even within the gambling industry to ensure that there can be fair competition in gambling.

The impact of that offshoring is felt across the board. There is a loss of millions in levy contributions and a loss to the taxpayer, estimated at £62 million a year, in lost betting duty. I would be very interested to find out whether the Minister has an updated estimate of the amount of tax that is lost in betting duty because of the number of offshore bookmakers.

Andrew Griffiths (Burton) (Con): I have been told to thank my hon. Friend on behalf of Uttoxeter race course, which is in my constituency, where his work on behalf of the racing industry has become legendary. People at Uttoxeter have asked me to pass on their personal thanks.

My hon. Friend raises the very important issue of betting going offshore. Obviously we live in a global world and the internet makes it incredibly difficult for us to regulate betting offshore. However, many offshore bookmakers still advertise in the UK; in magazines, on billboards and on the side of bus stops. Does he agree that one of the ways we could get them to understand the consequences of not being based in the UK is to regulate their advertising in those kinds of media?

Matthew Hancock: I think that the consensus in the House on the need to make such reforms is demonstrated by the fact that all the interventions so far have anticipated the next page of my speech. I am very grateful to my hon. Friend for his intervention, because dealing with that offshore loophole is the first thing that we need to do if we are to sort out the problems of financing the racing industry.

When I talk to individual bookmaking companies that are offshore, each of them argues that they would really like to be onshore and that the only reason they are not onshore is that all their competitors are offshore. I have worked in a small business and I understand that argument. If somebody else has taken a chunk of tax and levy contributions out of their cost base, of course others will want to do the same.

I have a solution, which is to create a level playing field; let us have everybody onshore and paying their fair share of tax and levy contributions. The solution that the Minister put forward in July was a neat and quite simple one. Changing the designation of the location of a bet from where the bookie is based to where the punter is based would turn what at the moment is legitimate tax avoidance into tax evasion. Because of the internet, we might not necessarily catch 100% of bets by making that change, but we could capture the vast majority. All the major bookmakers who want to advertise or do other business in the UK will come onshore because they would not want to break the law by not paying tax and levy on the bets placed with them. Most bookmakers are good corporate citizens, so a change such as this would ensure that all the major players would come onshore. That would not only help with the funding of racing, on which bookmakers' own business models depend, but with the lack of a level playing field, which is a scourge of independent and small bookmakers.

Philip Davies: I understand the point that my hon. Friend is making. May I suggest a more conservative approach? I understand that he has great influence with the Chancellor. Has he thought about persuading the Chancellor to reduce the rate of tax on those offshore businesses, which will tempt them back onshore? As a keen economist, I am sure that my hon. Friend will appreciate that 5% of something is far better than 15% of nothing.

Matthew Hancock: I do not believe in tempting people to pay tax; I believe in ensuring that people pay tax. I myself am not tempted to pay tax, but I have to pay tax. Indeed, the tax is taken out of my wages before I even see it. People across the country would not understand a system in which we merely tempt people to pay tax; we need to insist that people pay tax.

Nevertheless, my hon. Friend makes an important point. As he suggests, if all bookmakers came back onshore, the amount that went into the racing industry through tax and the levy would be substantially higher and it may well be that at the same time we could look at the rates of tax being applied to bookmakers. Indeed, there is a Treasury consultation on that very point at the moment. I am sure that he and others will make a contribution to that process, and no doubt the Chancellor will listen to all Conservative Back Benchers equally.

The argument that the Minister made in July in his written ministerial statement, and in response to a question that I put on the Floor of the House, concentrated on widening the regulatory net and ensuring that gambling regulations cover all people in the UK who make bets; it focused on the regulatory aspect. Of course I support the argument that the appropriate regulatory net should cover all people gambling in the UK and the principles behind that argument, but expanding the reach of regulation is not as urgent for the financing of the racing industry as closing the tax and levy loophole. I urge the Minister to look at the issue from the perspective of fair and appropriate funding of horse racing rather than the wider changes to the coverage of gambling regulation that he seeks. I am sure that people will support him in both those aims but one is urgent and the other is important, and the distinction between urgency and importance is one that I am sure he recognises every time he opens his ministerial red box.

I am very pleased that the Treasury is conducting a consultation, but I want to ask the Minister some questions about how we will make the progress that is necessary and how we will turn tax avoidance into tax evasion through legislation. A tax change and a financial change to the levy could be made through the Finance Bill, and Finance Bills happen regularly. If that means that we cannot make the wider regulatory changes that the Minister seeks, so be it. The urgent task is on the financial side, because it is only when we tackle the offshore problem that we can go on to make the broader changes in the levy that many people want to see; indeed, I think that there is cross-party consensus about the need for broader changes in the levy.

With bookies back onshore and paying their share, we can finally establish the long-term funding structure that is both sustainable and fair to everybody involved in racing, including bookmakers, and it could improve the relationship between racing and bookmakers.

Ben Gummer (Ipswich) (Con): My hon. Friend has used a key word, which is "sustainable". As he rightly said, one can understand the business reason for bookmakers going offshore in the short term, but such a number of bookmakers going offshore is ensuring their own destruction and the destruction of the industry on which they survive, so this is bigger than paying tax onshore—it is about ensuring that the industry, and therefore bookmaking itself, continues.

Matthew Hancock: Indeed. Bookmakers tend to value having racing on regularly so that there can be product in their shops—races on which people can bet. Around the country, having regular racing and a full fixture list is good not only for the paying punters who want to go, but for bookies, and it is important to ensure that that can be appropriately financed, because the number of fixtures cannot be increased without increased support. Ensuring that prize money per race returned to a reasonable level would provide the impetus for people to own the horses on which the rest of the industry depends. There is a chain of causation through the fixture list and the prize money, and ensuring that the appropriate levy is paid is critical.

Sir Alan Meale (Mansfield) (Lab): I assure the hon. Gentleman that I am going to refer not to the next page of his speech, but to the first one. He mentioned the fall in the number of foals produced in the UK. The levy is not simply about betting in betting shops or prize money at race courses; it is about the British breeding industry and the support necessary to maintain it. I hope he will assure everybody in the Chamber that he is also supportive in that direction.

Matthew Hancock: Absolutely. On that point and more broadly, I declare a very wide interest: I am heavily supported in Newmarket, including by people from the breeding fraternity, or sorority—there are an awful lot of extremely impressive men and women involved in breeding—but this is also about racing welfare, which is supported by the levy. There is a much broader point, and I am grateful to have the opportunity to put that on the record. This is about not only the flow from prize money into the activities of horsemen, but the direct payments from the levy system to breeding, welfare, veterinary research and other important associated aspects of the sport, and indeed ensuring that the regulation of racing is adequately funded to guarantee high-quality and well-regulated racing. I do not want to dwell on that point, but I am sure that those of us with an interest in debates on the matter have noticed it over the past couple of months.

Julian Smith: If the Minister got his skates on, how quickly could the change happen? We have talked about Finance Bills, but what would his optimal timetable be for this tax change to happen?

Matthew Hancock: The proposed change is relatively simple. It would require primary legislation, but take only a couple of clauses in a Bill. The legislation would be fairly simple because it would change the designation of where a bet was and everything else would flow from that. That is the foundation of unlocking all the other changes for which there is cross-party support.

I urge the Minister to act. It is rare for the Government to have in front of them a proposal that is popular, important, timely, simple, money-raising and necessary. Since the proposal has all those attributes—and indeed, as we have discovered today, cross-party support—I ask him to act with the greatest possible speed. He cares deeply about horse racing, the people of Newmarket care about horse racing, and the country cares about the future of horse racing, so let us make this change and put the finances of horse racing on the sustainable footing that they deserve.

Several hon. Members *rose—*

Hywel Williams (in the Chair): Order. I want to start the winding-up speeches at 10.40 am, so I hope that Members will time their contributions appropriately.

9.54 am

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): I congratulate the hon. Member for West Suffolk (Matthew Hancock) on securing this important debate. I have Ayr race course in my constituency and, as the only Scottish Member here today, I think that I can confidently speak on behalf of all Scottish Members with race courses in their constituencies.

I want to start by emphasising to the Minister the significant role that Ayr race course has in the Ayrshire economy. It is important because of local jobs—we

[Sandra Osborne]

have heard about the many people employed throughout the UK in racing in its many forms—and in relation to tourism. Ayrshire is a very beautiful tourist area and the race course contributes greatly to encouraging people to come to the area. Ayr race course is also an innovative and enthusiastic local business, with a strong community focus. It is the leading race course in Scotland, with the Ayr gold cup and the Scottish grand national among its annual fixtures. The race course does not just sit back and wait for funding in the form of a levy or anything else; it has built a business and has greatly diversified over the past few years, outwith race days. For example, it holds popular Christmas parties every year, which are a profitable enterprise. I have watched with great pleasure as Ayr race course has changed from a run-down facility, lacking investment and vitality, to one of our most popular local attractions. That is a credit to the management and the work force, and I wish to put on record my thanks for everything they contribute to our local area. The race course is well supported by local people.

Having said all that, since I have been a Member of the House, I cannot remember a time when levy negotiations have been anything other than a problem. Every year, with monotonous predictability, we can look forward to protracted, unsatisfactory, adversarial negotiations that go to the brink and do not achieve a positive outcome. It has been blindingly obvious for some time that the levy mechanism does not work, is outdated and no longer fit for purpose. I must be frank: despite the best efforts of the then Minister, my hon. Friend the Member for Bradford South (Mr Sutcliffe), who took a very keen interest in this matter and always tried to be helpful, I feel that the previous Government could have done more. They should have grasped the nettle. From the debate so far, it seems that more progress is being made. I hope I am right in saying that and look forward to the Minister confirming it.

I can assure the House that the lack of progress was not due to lack of trying on the part of every Member with a race course in their constituency. We set up Friends of Scottish Racing as a cross-party group, and we try to use every opportunity to highlight areas of concern alongside the UK Parliament's all-party group on horse racing. It has already been mentioned that the levy is not the only area of concern, but it is of central importance because it undoubtedly puts race courses at serious risk. The fact that funding has reduced so drastically is rendering the sport uneconomic. We are reaching crisis point and something urgently needs to be done. I do not wish to be over-dramatic, and I am very aware that the racing community would prefer a more collaborative approach, with partnership working, but the current system militates against that and it is imperative that a new funding mechanism is found.

As a Scottish MP, I also wish to emphasise the difficulties faced by those in the north in attracting owners prepared to incur the extra costs and travelling time of bringing horses and jockeys further afield. We have already talked about attracting business to race courses, but in Scotland we have a particular problem because of the geography, and it is undermining if prize money does not reflect that effort. As the hon. Member for West Suffolk said, if people's costs are not covered, they do not feel that it is worth the effort.

Andrew Griffiths: Does the hon. Lady share my concern and that of my hon. Friend the Member for West Suffolk (Matthew Hancock) about the fact that the UK has now dropped to 38th in the world rankings for prize money, and that prize money has halved in two years? That is of major concern to the industry and it calls for urgent action.

Sandra Osborne: I could not agree more; that is a major issue. Despite the wish to maintain a competitive prize regime for Scottish fixtures, to say nothing of our excellent facilities, the industry in Scotland cannot be sustained indefinitely in the face of massive cuts in income from the levy. The annual payment from betting to racing has fallen from an average of £106 million to £59 million in three years—a drop of almost 50%. One of the most important reasons for the fall in racing's funding position, as Members have said, is the move offshore by bookmakers and betting exchanges. How can it be right for bookmakers to advertise and transact in the UK but not contribute to the levy or pay taxes? Of 19 listed bookmakers, only two are now onshore, as the hon. Member for West Suffolk said.

I am aware of the Minister's July announcement in which he proposed to regulate remote gambling on a point-of-consumption basis. That would create a level playing field and it is long overdue. All operators based here or abroad would have to hold a Gambling Commission licence to transact with UK customers. I welcome that and any other idea that would deal with this urgent situation as the hon. Member for West Suffolk implored—as soon as possible.

10.1 am

Guy Opperman (Hexham) (Con): Thank you for the opportunity to speak, Mr Williams. I congratulate my hon. Friend the Member for West Suffolk (Matthew Hancock), who represents Newmarket, on making an eloquent and persuasive case. Right now, racing—along with its partners, the bookmakers—reminds me of the eurozone: a once mighty beast, unable to lead, unfit to govern, almost ungovernable and slowly being starved of cash, with solutions that too many vested interests will not address or embrace for fear of criticism by their members.

I have many things to declare. I am a category B licence holder and the only jockey in the House of Commons. As hon. Members will see, I am now in the heavyweight division. I blame the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown) for many things, but I am afraid that the election and the delights of the House of Commons have caused me to lose the racing weight that I enjoyed when I won races in 2009 at Corbridge in Hexham.

I must also declare a definite bookmaking background. At age 11, at school, I survived by running an illegal bookmaking operation, which well and truly persuaded me that the bookmaker will always be one step ahead of the punter. On Fridays, we used to receive five boiled sweets in a bag, which was the currency that we used to run our bookmaking operation. My headmaster tried to stop that illegal betting ring, which clearly paid no tax, but was prevented by the outcry among the punters—my fellow schoolchildren—and by the positive encouragement of my parents, who were pleased to see, although I was not necessarily concentrating on my

studies, that at least I was not such a daydreamer that I could not make a bob or two. So I have worked as a bookmaker and understand the difficulties and delights of that noble profession.

I should also declare an interest as a former horse racing journalist. For three halcyon years, I was the racing correspondent for that august racing journal, the *Limerick Weekly Echo*. I managed to put one Limerick bookmaker out of business by predicting the first, second and third in the grand national of 1981, an accumulator that one would wish to get a hold of. I have worked in horse sales, bred racehorses and worked as a stable lad in various places up and down the country. Also, although I confess that I am not nearly as wealthy as my hon. Friend the Member for Shipley (Philip Davies), who has many racehorses, I am in a syndicate with a part share in pointers and a chaser.

Over the years, I have ridden at a multitude of race courses, from Cheltenham to Kempton, and have enjoyed their delights, but I have a particular affiliation with and love for the finest race course in the world, which, as we all know, is Hexham. If hon. Members have not visited it, I urge them to do so. The team behind Hexham, one of the last few privately owned race courses in the country, have racing and the general public's interest very much at heart. The race course provides employment, tourism and sport, supports breeding, vets and feed companies and is an integral part of society in the north-east. I know that I speak for all Members with race courses in their communities. Each of us will tell the same tale of how integral it is to their community, and how it provides much more than simply a race course where punters can place bets.

As the only jockey in Parliament and someone acutely interested in the issue, I can declare that the future funding of racing is important. It is a harsh reality that the number of horses going through the ranks of racing will increasingly diminish. That is patently obvious from the numbers. Horses will also be taken abroad to be trained. Why would anybody stay in this country to train a horse, unless they were particularly in love with the sport?

My hon. Friend the Member for West Suffolk spoke eloquently of the disparity in prize money for flat racing. The winner of a steeplechase race in France would get a minimum of £5,000, but the winner of a novice hurdle race at one of the lesser tracks here will probably end up with £1,000 or £1,200. By the time they have paid for travel, entry and all the other bits and bobs, it is almost not worth going to the races from a financial point of view. That 5:1 disparity in funding and prize money will eventually seep down into the system, causing the demise of racing in this country. Let us not be in any doubt. In what other sport is this country a world leader? One could make a case for cricket or a few other things, but in reality, racing is clearly the No. 1 sport at which this country is the champion, and we should support it. I certainly believe that it is a cause worth fighting for.

As others have said—I think that this opinion is cross-party—the present situation is patently untenable. We must address how racing is funded. The Government's levy solution is clearly not sustainable in the long term. I applaud the Government's efforts, which I know follow the efforts of previous Ministers, to find a radical new solution to how the levy is funded. I regret to say that I have little faith in bookmakers to volunteer a better system in future. That simply will not happen. My hon. Friend the Member for Shipley seeks a discounted version of taxation in relation to offshore. That is a commercial advantage to which bookmakers would sign up gratefully, but it would be no solution whatever.

It is important to note that such companies' profits are significant. Betfair made £26.6 million to April 2011. William Hill made £277 million to 29 December 2010, and its chief executive's salary is £1.65 million, which I suspect would fund Hexham about eight times over. All the other organisations make substantial profits as well.

Philip Davies: My hon. Friend should know that the fact that I have more horses in training than him is the reason why he is far richer than I am. He rattled off the figures, but will he acknowledge how much those businesses give to racing? Betfair, which has gone offshore, still gives £6.5 million of its £26 million every year in a voluntary levy to racing. If racing is so strapped for cash, is it not bizarre that the British Horseracing Authority is ignoring the advice of two eminent QCs that its customers should not pay a levy, and is spending money needlessly on a judicial review with William Hill? If the racing industry is strapped for cash, one would think that it would spend its money a bit more sensibly.

Guy Opperman: To misquote Christine Keeler, they would say that, wouldn't they? The harsh reality is that Betfair is effectively trying to buy off the racing industry by making a donation that it does not have to make, in the hope that the matter will not be transferred back onshore. That is a strong assertion to make, but I suggest that there is ample evidence to support it.

It is also clear that bookmakers are seeing the writing on the wall. They are trying to diversify away from racing and into sports such as cricket and football. For example, on the subcontinent, in India, there is little betting on racing, because most of it is on cricket.

I urge the Minister to change the tax rules. If overseas operations wish to utilise British racing, they must pay more. I support entirely the idea that the punter based in this country is the source of the taxation.

I want to go one step further. If we do not have a solution and if we do not refinance racing, we will need to look at what to do then. If we do not resolve the issue and if the bookmakers and the Government do not address it properly, there will be only one solution. It is draconian, but it is the only alternative solution, and that is the nationalisation of bookmaking. That is the only way that we could approach the issue if bookmakers are no longer able or no longer willing, and the Government do not create a scheme, to fund it in this particular way. *[Interruption.]* My hon. Friend the Member for Shipley chunters from a sedentary position, although I accept that he never usually does that.

The point is that America may be the land of the free, but it has no competition in terms of state-sponsored bookmaking. Similarly, France, which is another competitive society, has a state-sponsored bookmaking system. That is also the way it is done in Australia and other places. Why is it that racing is funded so much better in those countries? Because everything that racing does goes back that way. I stress that I do not want to go

[Guy Opperman]

down that route, but bookmakers and the Government need to understand that, if they do not sort this out, I regret to say that that will probably be the only remaining option.

I could say much more about how racing has been led and about the disaster of the whip debate and the way in which the British Horseracing Authority and Mr Roy have conducted themselves, but I have probably said enough.

10.12 am

Mr Gerry Sutcliffe (Bradford South) (Lab): It is a pleasure to serve under your chairmanship, Mr Williams. I add my congratulations to the hon. Member for West Suffolk (Matthew Hancock), not only on securing this debate, but on his continued interest in the issue, for all the reasons that he has given.

Everyone present agrees that racing is a fantastic product. We only have to consider last Saturday's Betfair Chase, where Kauto Star won a fantastic victory. All racing fans enjoyed that event. I do not have a racecourse in my constituency, but Go Racing in Yorkshire is a fantastic body that does well not only by promoting racing, but by bringing new people to racing through tourism and so on. Racing has an impact on employment and the country's national identity, which is vital and something that we should not lose. A person's social background and what they want out of a horse-racing event do not matter—they can go to the biggest and the best courses or to their local tracks, and enjoy the experience.

Today's debate is timely. I thank the Minister for his work in trying to keep the momentum going—that is something that I tried, but, unfortunately, I was unsuccessful—on where we need to be and on achieving some realism. The hon. Member for Hexham (Guy Opperman) is right—there are too many vested interests for the issue to be resolved. Much as it appeals to me as a Labour politician, his solution to nationalise the betting industry might not be the way forward, although I like where he is coming from and can think of other issues that he might like to talk about in terms of nationalisation. There are too many vested interests, which means that the debate centres on the argument between horse racing on one side and betting on the other, but the issue is too complex for it to be as simple as that.

I agree with the hon. Member for West Suffolk about what should happen with offshoring and think that the Minister's solution is sensible. I wish him well on trying to resolve that with his colleagues in Government—I know how difficult that can be—and on the taxation issue.

I favour sports rights—I do not think that it is unknown that that is the route that I would follow. I think that sports betting rights are the way forward. The comparison with France is a good one—it has an 8% sports betting levy—and I think that sports rights will eventually be introduced, probably in three or four years' time.

There has to be some more movement. I do not think that racing can sustain our 60 courses, or that the levy support helps that. Racing itself has tried, through Racing for Change and other initiatives, to deal with the issue by introducing a championship and examining what can be done on the grading of courses. That work needs to continue, because it is unlikely that we will be able to sustain the levels of prize money and investment. That does not mean that local courses cannot look for other means of support and investment—they should. The reality might hit some such courses. Towcester is a good example of what can be done by an individual course.

The issue of the levy needs to be resolved and the vested interests need to be sorted out. We also need to look at the betting industry. We have talked about the reliance of betting shops on the horse-racing product, but I believe that that now accounts for less than 30% of the takings, because people are betting on other sports such as football, rugby and cricket. The future of high street betting shops is an issue. The Minister will be aware of concerns surrounding the fixed-odds betting terminals—FOBTs—and what may or may not happen to them in the future. There has also been a move to online betting. I think that the structure and size of the betting industry will change, and that will affect racing. I feel for the independent bookmakers, because they get caught up in the problems. They have to do what the big boys do, and it costs them more, so their costs are ever increasing.

I believe that good faith has a part to play. Talking of which, I hope that the Minister will update us on the position of on-course pitch tenure. We entered into an agreement in good faith and progress has been made with some courses, but I hope that the matter is not forgotten and put to one side, because small independent bookmakers rely on those pitches and I think that we came to a compromise that should be accepted.

I think it was the hon. Member for Shipley (Philip Davies) who raised the issue of William Hill, Betfair and the Levy Board. The money being spent on that is an absolute waste, and the fact that the BHA has to cover the costs is an issue that needs to be resolved. It should not be going through the courts in the way that it is and the matter should be resolved. Betfair's commitment to racing is well known. The levy may be voluntary, but it exists.

The Minister should continue with his work. It is good to see the co-chair of the all-party group on racing and bloodstock industries, the hon. Member for Tewkesbury (Mr Robertson), present. We as Members of Parliament can and will continue to help to put pressure on vested interests. The day will come when, if they do not sort this out themselves, it will be sorted out, but not in a way that people want. I congratulate the hon. Member for West Suffolk again on securing the debate. I am sure there will be other such debates and look forward to hearing the Minister's response.

10.18 am

Mr Laurence Robertson (Tewkesbury) (Con): It is a pleasure to serve under your chairmanship, Mr Williams, and to follow the hon. Member for Bradford South (Mr Sutcliffe), who works so very hard to try to resolve what are extremely difficult issues. I congratulate my hon. Friend the Member for West Suffolk (Matthew Hancock) on introducing this important and timely debate, and thank him for many of the things that he said.

I want to declare two non-declarable interests. I am joint-chairman of the all-party group on racing and bloodstock industries, along with the hon. Member for Mansfield (Sir Alan Meale), whom I am pleased to see present. With respect to other Members, I also have the honour of representing what I consider the greatest race course in the world—Cheltenham race course, where each year we have the world-famous Cheltenham gold cup. That is one of the greatest, if not the greatest, steeplechases in the world. I am delighted that my hon. Friend the Minister is a holder of one of those gold cups. I know that it is not the tradition of Government to have people who know what they are doing in post, but he is a very welcome exception to that rule.

I can only really endorse a lot of what my hon. Friend the Member for West Suffolk and others have said. In this country, we have what is probably the greatest racing in the world. It is certainly up there with the best, if not the actual best. As the hon. Member for Bradford South said, we had the most fantastic spectacle at Haydock on Saturday, when Kauto Star won against all expectation, providing such excitement in the world of horse racing and in the world of sport. Last year, Tony McCoy—AP McCoy—won the BBC sports personality of the year because of his exploits, yet all that gets overshadowed by the constant wrangling about funding and the constant falling out over the levy—not just the level, but the details.

I agree with my hon. Friend the Member for West Suffolk, who said that that is one of the best reasons for getting rid of the levy. It is divisive. It pits bookmaker against people in racing, whatever racing means in that respect. The levy was finally decided at quarter to 12 on the night of Halloween, which made for an unedifying spectacle. This is a very outdated and impractical system. As has been said, it has also delivered falling revenue. As the hon. Member for Mansfield said, that is important in many respects, not just for prize money, although it is significant with regard to prize money. Prize money is not everything, but it does filter down and find its way to trainers, jockeys and stable staff. It is extremely important not just so the rich can get richer, to coin a phrase, but so that those who work at the bottom can continue to work in the sport. Therefore, it is important to find a better funding mechanism, if mechanism is the right word. I will come on to that.

The principal point made by my hon. Friend the Member for West Suffolk was about how overseas operators are avoiding paying the levy. I do not object to anything he said, but I have quite a bit of sympathy with the point made by my hon. Friend the Member for Shipley (Philip Davies). We have to analyse why people have gone abroad. It is not just because of the levy. To draw a brief analogy, I have the honour of chairing the Northern Ireland Affairs Committee and one recent proposal was for the Northern Ireland Assembly to have the right to set a corporation tax that would be attractive to companies and businesses, compared with corporation tax in the Republic of Ireland. The tax is 12.5% in the Republic and 26% in the UK—a bit of a no-brainer when thinking about where to put a factory or business. We should explore why companies have gone abroad in the first place and consider having the kind of tax regime that attracts them. That is not just about bookmakers; I could expand that argument to all sorts of other businesses, especially in the competitive world in which we live. I therefore hope that that point will be considered.

I have no objection to the proposals that my hon. Friend the Member for West Suffolk made to the Minister, nor indeed to the considerations that the Minister is making, but we ought to think about why businesses went abroad in the first place. The constant pursuit of the exchanges is not healthy for the sport, or indeed for bookmakers, at this point. If we are talking about a levy replacement, let us get on with replacing it. Let us not get on with trying to tinker with the existing levy arrangement. If we do that, all we will end up with is levy mark 2—a similar arrangement to the one we have now, but called something else. I want us to move on from that.

How do we find the future funding for horse racing? That will not be particularly easy. If it were easy, the problem would have been solved a long time ago. We have heard a lot about a commercial solution. In terms of name and concept, I am all in favour of that commercial solution, but I am a little concerned that some of the proposals are not a commercial solution at all, but a rerunning of the levy. We need to avoid that.

There has been a call for any arrangement that is designed and agreed to be underpinned or guaranteed. We have to be very careful over how we go about that. Are we talking about underpinning through legislation? If we are, we have not really moved on much from where we are now. Indeed, we could find ourselves up in the European Court in relation to state aid rules. My view on state aid is that we are an independent country with a Parliament here, and we should do as we will. I would not bow to—*[Interruption.]* I thought that my hon. Friend the Member for Shipley would agree with me on that point. However, we are where we are at the moment, although we may change those rules in the future, and we do not want to fall foul of state aid rules. Any solution that we reach must be compliant. If the Minister will allow me to say so, we were rather too obsessed with state aid rules when it came to changing the status of the Tote—we gave them far too much credibility—but there is an issue here, no question about that.

Matthew Hancock: On the question whether a transfer should be underpinned by legislation, would it not be better in the long term to have it underpinned by contract—by agreement—based on, for instance, a racing right or sports betting right? That could be the basis of a commercial agreement. However, is it not important in the short term to solve the offshore problem, so that we have an appropriate basis from which to go forward to a truly sustainable position?

Mr Robertson: Just as many hon. Members anticipated my hon. Friend's next statement, he has anticipated mine. The arrangement has to be consolidated and underpinned by the civil law, rather than by legislation. I entirely agree with him for a number of reasons, and the state aid issue is one. Another is that, if we are going commercial, we are going commercial—that is the way we should go. I understand his point. We have to bring offshore companies back onshore, but I would prefer to explore that through the way that I have described—perhaps

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by making it attractive for companies to do business in this country. We may need to go a little further than that, but it should certainly be explored.

On coming up with the commercial solution, I am not entirely convinced that the Government should decide the replacement for the levy. The Government have proposed three options, although I do not suppose that they are the only options that they would consider. However, there are other options that are perhaps not for the Government, but for racing and bookmakers, to put in place.

My hon. Friend the Member for Shipley talked about the increase in media rights. I understand that over the next year, from 2011-12 to 2012-13, they will increase by 26%. That could be considered different from the levy, but when an owner gets his cheque for £5,000 or £10,000, I do not think he is too concerned whether that has come from media rights, race courses, the levy or wherever; he is concerned about the size of that cheque. The whole cake is the important thing, not necessarily which particular segments have come from where.

Martin Horwood (Cheltenham) (LD): I will not take up the Boundary Commission's strange oversight in not including Cheltenham race course in the Cheltenham constituency this time. What does the hon. Gentleman think of the mechanism of having a requirement for all bookmakers, whether offshore or onshore, to hold a Gambling Commission licence in the UK? That Government proposal has merit, and I think the Jockey Club also supports it.

Mr Robertson: I am grateful to the Member for the Cheltenham constituency but not for the racecourse for his intervention. He makes a fair point that needs to be considered. The workings of the Gambling Commission are being looked at, which is a welcome step. That may be a way of tying people in, so that all bookmakers are caught up in the agreement that is eventually reached between racing and bookmakers. I hope that that could be explored.

On the commercial solution, I mentioned media rights. I also mentioned sponsorship, which is rarely discussed, although many bookmakers voluntarily put money into it—not only bookmakers, but many other companies. I am reliably informed by many in racing who are involved to trying to fund the sport that racing does not pursue sponsors and sponsorship as much, as often or as deeply as it could. That certainly needs exploring. It might not necessarily be part of a system or structure, but that money is available. Companies often sponsor more than just one sport: they might sponsor cricket and football and racing. That has to be further looked into.

Sir Alan Meale: I agree with much of what the hon. Gentleman has just said, but we still need somehow to extract a price guarantee for the product. I find it difficult to accept that trainers, owners and jockeys will participate in a venture that produces a race for the industry to consume and make money from. Even at the minor level, £1.5 million is bet off-course on every single race, yet we have a scenario, which was referred to earlier, in which the owners and trainers of the race horses do not get enough money, even after winning the race, to provide the diesel and cover the transport costs of getting to the race course. That has to change and we must be given some access to a price guarantee for such people to make it worth doing at all.

Mr Robertson: I agree with the co-chairman of the all-party group on that matter. My only point is that the system should be guaranteed commercially and not necessarily underpinned by legislation or by the Government. I agree entirely with his point—I simply do not know how people continue to fund owning racehorses. If they cover their training fee for one month, they have done extremely well. That cannot be done every time—an owner will not win a race each month to cover the training fees, and indeed, they would still be no better off. In this country, the official figure for costs recovered is about 23%, which cannot be sustainable.

My final point on a commercial solution is that race courses, as well as bookmakers, are a big player. I agree with a lot of what has been said by other hon. Members in that there are too many other, bit-part players involved. It might be more polite to say that too many middlemen are involved, which clouds the issue and causes too many problems. Race courses and bookmakers are probably the main players in finding a solution, and we must find that solution. Horse racing is an outstanding sport that gives much pleasure, enjoyment, exercise and discipline to many people each and every day. We must find a way forward to maintain the very high level that horse racing has achieved over many years.

10.31 am

Ian Swales (Redcar) (LD): I congratulate the hon. Member for West Suffolk (Matthew Hancock) on his continued pressure on the subject and on securing the debate today. He and other hon. Members who have spoken have anticipated every page of my speech, so my few remarks will be from the angle of representing Redcar race course in my constituency. I am delighted that Go Racing in Yorkshire still says that the course is in Yorkshire, despite the local government gyrations that keep giving my area different administrations.

For a course such as Redcar, the effect of the problem over the past few years has been quite dramatic and, to some extent, hidden. The subtle effect of lowering prize money is that fewer owners attend the races, while some races are getting a lower rating, which influences the view of top trainers. They have always been happy to send horses to Redcar—trainers such as Henry Cecil are regular visitors—in particular as it is one of the few courses in the country with a flat straight mile. The 2011 cards have seen a noticeable drop in the number of trainers coming from places such as Newmarket or even further south—a trainer from Arundel used to send horses regularly—partly because of the cost of transport but also the subtle effect of lower prize money, which means lower quality racing. That vicious circle affects many smaller courses.

Redcar race course sits right in the middle of the town, so any change would have far-reaching effects, way beyond racegoers. It is a key part of our cultural life; for example, a great charity event for Help for

Heroes was held there this summer, and I was happy to be one of those presenting a prize. The effect of race courses on towns is far wider than just racing.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): Is racing not one of those unique sporting occasions that brings people from isolated rural areas in contact with those in urban areas? All walks of life coalesce around that fantastic sport, which is unique in that respect.

Ian Swales: Absolutely. I cannot beat my hon. Friend's lyrical description, but in Redcar, the race course is particularly important because it brings people into the resort activities of Redcar as well as for racing, often on the same day. Race courses play a key cultural role.

We must also remember—a point that has not been made—that bookmakers are key tenants on our hard-pressed high streets. I recently visited a bookmaker's in Redcar, along with a representative of the Association of British Bookmakers. Although the ABB likes to remind us that UK racing is a smaller slice of the cake these days, the manager of the shop confirmed that it is still the major source of footfall in the shop. People using casino machines, for example, will most likely have come through the door because of racing. That is also true for many of those putting a bet on football on a Saturday; they are in the shop because of racing, even though the bet will appear in the bookmaker's turnover as a bet on football. We should not accept too many scare stories from bookmakers.

Matthew Hancock: Does that not reiterate the need for a level playing field? Betting shops inevitably pay the levy because a shop cannot be moved offshore.

Ian Swales: That is absolutely true. My hon. Friend made the point earlier that independent bookmakers do not have the option to move offshore and, typically, they operate from fixed premises.

I support everything that has been said so far, and I welcome the Minister's statement of 14 July. The suggestion that operators, wherever based, wishing to transact with UK customers would have to pay for a licence makes sense. I congratulate my hon. Friend the Member for Tewkesbury (Mr Robertson) on his hard work on behalf of the racing industry, and I agree that we have to think a bit bigger. It is high time that the levy system was scrapped; the tinkering that he mentioned will not provide a long-term solution. Commercial negotiations over the sale of the product, and a more entrepreneurial attitude from the industry, could have dramatic effects. We have seen what happens in other sports such as football, cricket and even darts when proper negotiations take place.

There is also sponsorship. Newcastle United has just decided, controversially, to rename its ground from St James's Park, but that will net something like £10 million a year. What opportunities do race courses have in that regard?

Mr Graham Stuart (Beverley and Holderness) (Con): I represent the most beautiful race course in the world, in Beverley. Does the hon. Gentleman agree that we need Government action to provide a new settlement that will get us over the endless grief caused to the former Minister and, I am sure, to Ministers in this Government? We can get the framework right, giving certainty for the future. We would send out a cross-party message that there will be no further legislative interventions, and then ask the commercial partners—bookmakers and race courses—to sit down together and sort out the differences, rather than looking constantly to us to provide a solution for them.

Ian Swales: I agree. I am not suggesting that the levy should be scrapped overnight, but we should have an eye to the future, beyond a system that will get us to the future.

I ask Members to think about the amounts of money that pour into sports such as football and Formula 1 from TV, and then think about how few hours those sports are shown on television compared with racing. Does racing even know what its product is worth? If people off the courses are generating £1.5 million every half an hour, what are the TV rights really worth?

I welcome the direction that the Minister is taking. I welcome the Tote deal, because it kept a large benefit for racing, although I reiterate the point made by my hon. Friend the Member for Hexham (Guy Opperman), which is that the most successful racing countries in the world typically do not have commercial bookmakers but a Tote-style system. I hope we never get there, but it is possibly a safety net.

It is vital to our communities that we reform the finances, because race courses play a crucial cultural, economic and environmental role. The Government must continue to set the framework for the industry.

10.39 am

George Freeman (Mid Norfolk) (Con): Thank you for the opportunity to speak, Mr Williams. I am sorry that I was a little late. I shall keep my comments short.

I add my support for my hon. Friend the Member for West Suffolk (Matthew Hancock) and congratulate him on raising the issue of an important industry and a vital part of our heritage. When the Government and all of us are stretching every sinew to promote growth in the country, it seems criminally negligent to allow the decline of a great industry that we already have. On a personal note, as the proud son of a former grand national-winning jockey who had the privilege of riding for Her Majesty the Queen Mother, it is a chance to remind ourselves of the great heritage of this great sport. My point is about the importance of national hunt racing in the rural economy. Low prize money is a particularly acute problem, and the whole pyramid of small trainers, point-to-points, hunts, pony clubs, hauliers and feed suppliers in a constituency such as mine is essential to underpin our rural economy and rural communities.

10.40 am

Clive Efford (Eltham) (Lab): I add my congratulations to the hon. Member for West Suffolk (Matthew Hancock) on securing the debate, and his tenacity in following the issue. I have read previous debates that he has taken part in. I do not know whether he is aware that we share an interest in the Middle Park stud. Back in the mid-19th century, William Blenkiron, who had made an enormous amount of money in a men's outfitters in the City, bought a horse called Glance, and set up stables in

[Clive Efford]

London after he retired. That activity grew so much that Blenkiron moved to Middle Park—it was then in Kent, but is now in an inner London borough—where he set up the Middle Park stud, which became the biggest stud in the country, and a tourist attraction. People from all over Europe would go to see that magnificent place. It is now a council housing estate, and in the middle is a place called Newmarket Green. The stud moved to the hon. Gentleman's constituency, so we share some history. I believe that the Middle Park stakes are still run at Newmarket.

I bow to the superior knowledge that has been displayed by all hon. Members who have spoken. I cannot claim to be steeped in the history of racing, or to be as involved as Members who have spoken with great knowledge of the subject. My experience comes from childhood memories of my dad reading *Sporting Life* and studying form at the kitchen table on Saturday mornings. He was a member of a number of syndicates, and was a lifelong advocate and supporter of most betting shops, not to put too fine a point on it. He frequently told me that a horse was a dead cert and that he had been following it for years. Most were last heard of at the starting line, and never seen again. He loved racing, and had a lifelong association with it. It was a real joy for him, and it is part of our heritage. It is an industry and a sport that we should all protect, because it is important and we would rue the day if it were damaged or lost.

The history of gambling and betting shops is synonymous with horse racing. Gambling started at the trackside, and moved into the high street. That is when the levy arose. Betting shops were no longer on-course, and because of the investment necessary for racing, breeding horses and the industry generally, it was recognised that they should contribute to sustaining the sport through the levy. There is agreement that the arrangement should continue into the future if we are to sustain the industry. I add my voice to those who have today urged the Government to legislate to enable the horse racing industry to negotiate a return for its intellectual property rights and the investment that it puts into horse racing to ensure that it is sustained in future.

Does the racing industry believe that it is sustainable, not just in horse racing but in sport generally, for it to make enormous sums of money from what is invested in the sport and the effort that goes into organising the sport? Additional costs are imposed on the sport to sustain its integrity because of the dangers that it is exposed to through illegal gambling activities. Is it sustainable for the betting industry to continue to make money from the sport without contributing to it, particularly to its grass roots in our communities that sustain it? As has been said, horse racing involves a great deal at community level, and it is such an important part of local communities that without investment trickling down to its grass roots, the whole edifice will be undermined. None of us wants that, and I am sure that no one in the betting industry wants it either.

The question today is whether the current situation, when so many people are moving away and contributing less, is sustainable in the long term, not just in horse racing, but in sport generally. Some of the scandals in sport generally have involved illegal gambling practices with inducements for people to become involved in activities that do not affect the outcome—a no-ball in cricket, the first yellow card or a throw-in in football. If larger sums of money can be made from such activities than from performing in the sport, its integrity will be undermined. It is not just a matter of saying that such practices have occurred in the unregulated areas of gambling, because that is not so. There have been examples even in the UK's regulated gambling operations of quite severe and large-scale corrupt activities to try to fix the outcome of gambling. If we are to sustain the integrity of the gambling industry so that it is not undermined, and to continue to have faith in sport and its outcome, knowing that it is genuine competition, we must work together to sustain the integrity of both sport and gambling. That means that a fair return must be paid to sport, and we must ensure that we work together to achieve that outcome.

I have some questions for the Minister. I assume that he accepts the principle that those who make money from gambling should contribute to the sport, particularly horse racing, which is the subject of this debate. What conclusions has he come to? He said that he intends to legislate to create a level playing field between those who operate onshore and those who operate offshore. Can he tell us today when and how he intends to move forward on that? Does he agree with the British racing industry that payment should be based around betting, not just on viewing rights, and that there should be some relationship to the amount of money that is exchanged in gambling on horse racing so that there is a sustainable replacement for the levy? Does he intend to legislate in that vein?

The hon. Member for West Suffolk asked about the future of the Tote. Will the Minister say what arrangements will be made for the Tote to make a continuing contribution to racing? It was set up to contribute to the future of horse racing. My time is up, so I ask the Minister to respond to those few questions.

10.49 am

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (John Penrose): It is a pleasure to have you in the Chair looking after us today, Mr Williams. I want to thank and congratulate all hon. Members who have spoken in today's debate. My hon. Friend the Member for West Suffolk (Matthew Hancock), who secured the debate, has been notable in his continuing support for the industry and also for his tenacity in following it.

I am greatly heartened by the relatively widespread cross-party position on many aspects surrounding the debate. That is important to note not just now but for the future, because the problem has been knocking around for 51 years—the levy is 51 years old this year—and has defeated many people across the House and in the gambling and horse racing industries. It is not a simple problem; it is a difficult issue. Many Members have remarked on the fact that there are entrenched interests and points of view, and honestly held and fervently delivered opinions on all sides. If the problem were simple, we would have solved it 30 years ago. However, nobody has managed it, so it is helpful and worth marking that there seems to be emerging consensus, although there are still many important points of detail to deal with.

I am not sure whether this is a declarable interest, but in the interests of transparency I mention that my wife is a non-executive director of the race course at Cheltenham, from where my hon. Friend the Member for Tewkesbury (Mr Robertson) comes. She also has a horse in training, although the prospect of its being involved in any meaningful prize money is more theoretical than actual at the moment. At least the declaration has been made.

Several colleagues have asked about the proceeds of the Tote, including my hon. Friend the Member for West Suffolk and the hon. Member for Eltham (Clive Efford). The Government made a promise during the process of selling the Tote that 50% of the net returns would go to racing, and we intend to honour that promise. We are currently in discussions with the racing industry, and my approach has been very simple. I am happy to provide those proceeds via whatever mechanism racing chooses, with the sole proviso that it will not fall foul of competition or state aid rules. Basically, we sat down with racing and said, "With those sole provisos, tell us how you want it done", and we are getting close to a solution. I am pleased to report steady progress, but there are important details that need to be sorted out.

The hon. Member for Bradford South (Mr Sutcliffe) asked about progress on on-course bookmakers' pitches. That is a knotty problem that has been ongoing since he was in the ministerial chair. I am happy to report that Arena and Northern race courses are making good progress. They are all but there in terms of signing agreements. Certainly, there have been handshakes on deals, and I welcome that progress. Jockey Club race courses are still in negotiation. Once the big three groups of race courses have agreed a structure, I suspect that the remaining independents, of which there are many, as the hon. Gentleman will appreciate, will follow. I urge Jockey Club race courses and on-course bookmakers to pursue that remaining piece of negotiation rapidly. Others have managed it already. If we can get them over the line, or if they can get themselves over the line, they will not have to worry about politicians interfering. If politicians come up with a deal, I suspect it will be less good than one the industries come up with themselves.

I was delighted about and thankful for the level of support voiced for the Government's proposals to change the way that offshore bookmaking is dealt with. It is important to realise that for entirely understandable commercial reasons—entirely logical commercial decisions in many cases—because of a system that was set up with a set of commercial incentives, many bookmakers moved offshore over the course of the past five or 10 years. We aim to change the way those offshore bookmakers are regulated. Several colleagues have been kind enough to describe this as simple and elegant; we are switching the way offshore bookmakers are regulated so that anybody anywhere in the world who is selling gambling services to people based in Britain will have to hold a British Gambling Commission licence. That neatly enfranchises all those firms within the British regulatory net, which is important for consumer protection. In this country, we are used to a well regulated and responsible gambling industry that is by and large clean and tries to make sure that it delivers on its social responsibilities for the small and unfortunate minority of people who suffer from gambling addiction. That is not the case in many other countries.

We need to ensure that we remain well regulated and that we continue to have a responsible industry. A British punter who goes online and uses this or that gambling website does not necessarily know whether the website is regulated in the UK or abroad. In some foreign jurisdictions, there are good regulators, but not in others, I am afraid. It is essential that a British punter knows that no matter where the website may be hosted, it is still protected by British regulation, and therefore they have the legal protections that they would expect if they walked into a betting shop on a British high street. That is the starting point for our regulatory changes.

The changes may also have important knock-on implications for taxation. I will try not to tread on the Treasury's toes, but some parallel announcements were made a few days after we announced our regulatory changes. They are also working their way through the system. The point I want to make to my hon. Friend the Member for West Suffolk and anybody else who has raised the point during the debate is that changing the way we treat offshore regulation is an essential first step to dealing with consumer protection and potentially to dealing with things such as the levy and possibly even taxation. However, that is not the whole answer. Clearly, we need to move on, having built that foundation, to create a new environment and a new type of successor to the levy.

Mr Edward Leigh (Gainsborough) (Con): We do not want the gambling industry to go the same way as the British shipping industry. The way to solve the problem is to reduce taxation so that the industry does not want go offshore in the first place.

John Penrose: As a low-tax and free-market Tory, my instincts are of course with my hon. Friend. We will have to wait for the Treasury's announcement on such matters. It is important to remember that there is a distinction between betting duty and corporation tax. Just as Goldman Sachs has a headquarters based in America but a large operation here in the UK, so too the location of betting firms' corporate headquarters may be in a different place from where their operations and the jobs are. That is an important distinction to remember.

Given the limited amount of time, I want briefly to update colleagues on the progress we are making in the ongoing discussions between the gambling and horse racing industries in our search to find a successor to the levy. I am afraid I will not be able to give a running commentary, because the conversations are detailed and difficult, with the entrenched positions that everyone here has already mentioned. However, I can report that I have been impressed so far by the willingness of all sides to engage constructively and actively, and with a degree of determination. We are only partway through the process. There is a great deal further to do.

I reassure my hon. Friend the Member for Tewkesbury that while we may have started with the three options that I laid out to get the conversation started, we are moving on from them. I am taking the approach that if the gambling and horse racing industries can come up with something that they are both willing to sign up to, which satisfies basic principles of fairness on each side, it is not up to politicians to second-guess or contradict what the two industries can agree. We want to come up

[John Penrose]

with something that is both enforceable and sustainable, so that when a new contract comes to an end there is a series of incentives and potential downsides for both industries that force them back to the table. That would ensure that they need to negotiate a successor contract or agreement so that the arrangement does not just come to an end after five years. If we can arrange those kinds of incentives, we will have that long sought after arrangement where racing will become in the best possible sense of the word a normal sport that does not depend on politicians and does not require Ministers or anybody from the Department for Culture, Media and Sport, and where the phrase "Hello, I'm here from the Government, and I'm here to help" does not send a chill through the blood.

Human Rights (Colombia)

10.59 am

Jim Sheridan (Paisley and Renfrewshire North) (Lab): It is a pleasure to serve under your chairmanship, Mr Williams, and may I express my appreciation to Mr Speaker for having selected this important debate?

The conflict in Colombia is one of the oldest on the planet and it spans some 50 years. Technically, the fighting is between Colombian Government official armed forces and various guerrilla groups such as the ELN—the national liberation army—and FARC. The situation, however, is more complicated because of the large number of right-wing paramilitaries, who operate with almost complete impunity, systematically murdering the ordinary people of Colombia in droves, and an army that clearly colludes and co-operates with them. I requested this debate because we need to send the Colombian Government a clear message.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): I have with me a statement on Colombia issued jointly by the Governments of Colombia and of the United Kingdom, and I understand that an important visit took place yesterday. The statement contains, however, no reference whatever to the trade unions, or—as far as I can see on a quick reading—to any of the Churches. Does my hon. Friend find that somewhat interesting?

Jim Sheridan: My right hon. Friend raises an important point; he has a proud track record of looking at situations in terms of human rights. I hope that the Minister will take his comments on board and perhaps clarify that point.

The Minister of State, Foreign and Commonwealth Office (Mr Jeremy Browne): I am grateful for the opportunity to contribute to the debate at this early stage. I have just hosted a meeting in the Foreign Office that was held by the President of Colombia and at which a range of non-governmental organisations, including representatives from trade unions and Christian organisations, had the opportunity to make those points directly to him as part of a wider conversation.

Jim Sheridan: I thank the Minister for that clarification. I do not want to sound negative, but the all-party British-Latin America group arranged a meeting with President Santos for yesterday and, unfortunately, not much notice was given to the rest of us, so we heard about a meeting scheduled for Monday afternoon only on Monday morning. Speaking personally, it was almost impossible to get to that meeting, but had we known about it earlier, even more trade unionists and similar people would have attended.

Mr Gerry Sutcliffe (Bradford South) (Lab): We hear the Minister's comments, but if we as a country attack those in the middle east who kill their own people—in particular, I highlight Syria and other countries where there have been problems—should we not do the same with Colombia? Many MPs have tried over many years to raise the issue of Colombia and highlight the fact that many innocent people, mainly trade unionists, are being killed. Should our Government not send a clear message to the Colombian Government that we will not tolerate that, and that we want to highlight things that are taking place on a daily basis?

Jim Sheridan: That is the objective of this debate: we are sending a clear message to the Colombian Government that what they are doing is simply unacceptable. We have sent clear messages to Syria and other countries on exactly the same issue.

Paul Flynn (Newport West) (Lab): My hon. Friend is more fortunate than me, as my invitation to yesterday's meeting is yet to arrive. I believe, however, that we, as parliamentarians, should send an important message to President Santos: in addition to the points raised this morning, we want to congratulate him on the courageous stand he is making to challenge the system that results in the prohibition of drugs throughout the world. We wholeheartedly support him on that.

Jim Sheridan: I am more than happy to concur with my hon. Friend, but, although I do not wish to be cynical, we have heard those words before. We are now at the stage where rhetoric is no longer acceptable and we are looking for deeds.

David Simpson (Upper Bann) (DUP): I congratulate the hon. Gentleman on securing the debate. We know about the history of Colombia and the human rights abuses, and that it is probably the capital of drug barons. Furthermore, UN figures and the research papers cite 26,500 cases of presumed forced disappearance, and there are major concerns that Colombia is a network for people trafficking. Organisations such as the A21 campaign, and other groups in England, are greatly concerned. Does he agree that it is possible that people are being trafficked around the world?

Jim Sheridan: The hon. Gentleman is right—human trafficking in Colombia is an extremely important issue that I hope we will address seriously.

The international community will not remain silent while human rights abuses continue, and we must make clear our support for a proper peace process in Colombia. The conflict will end only with a peace process between the Government and the guerrilla groups, and the UK Government should do everything in their power to encourage all parties in the conflict to enter into serious negotiations. We must support civil society's efforts for peace.

The authorities, and particularly the armed forces, readily label any ordinary Colombian, especially rural peasants or any Colombian they like—or, more accurately, do not like—a terrorist. They then kill or butcher them, or at best arrest them and lock them in jail without proper charges or trial. Until recently, the army offered holiday bonuses or promotions to personnel who captured or killed a FARC guerrilla, so it is hardly surprising that innocent people were being rounded up, shot and dressed as terrorists.

Two years ago, I visited Colombia together with some colleagues, and I met mothers who told me how their sons had been murdered. The authorities said that the boys were FARC guerrillas, and the army had even set up false employment recruitment agencies to offer those poor boys jobs in the countryside before simply executing them. Boys as young as 16 met that fate. Other mothers told us of sons who were killed and then dressed in guerrilla uniforms. When the mothers went to see the bodies, their sons were wearing FARC uniforms that the mothers had never seen before, despite their sons having lived at home. Remarkably, although the bodies had bullet holes, the uniforms they were wearing did not. The killing of a FARC terrorist earned the soldiers extra holiday. Killing an innocent boy and stuffing the body in a FARC uniform was—and still is—common practice.

The Colombian human rights movement calls such actions false positives. Thousands of people have been killed in that way, many while President Santos was Defence Minister. When I visited Colombia in 2009, the United Nations stated that the number of killings carried out by the Colombian army could constitute a crime against humanity. It also said that the figure for such killings that have not resulted in any conviction stands at 98%, and according to the Colombian Commission of Jurists, impunity for crimes committed by the army or paramilitaries stands at 99%—a shocking situation.

The current Government under Juan Manuel Santos—who I am happy to say is visiting London today; he is very welcome—have pledged that many things will change, and the international community is watching closely. Nevertheless, the number of ordinary Colombian civilians being killed is as high as before. Since President Santos came to power, 110 social activists have been killed, and 29 human rights defenders were killed in the first half of this year. No one has been brought to trial for any of those murders.

Sadly, just two weeks ago, the highly respected NGO, the Centre for Investigation and Popular Education, reported that under President Santos the army has continued to carry out extrajudicial executions—nine so far—and to report murdered civilians as guerrillas killed in combat. Amnesty International states:

> "The security forces' counter-insurgency strategy is largely based on the premise that those living in conflict areas are part of the enemy".

Let me give some examples. Just last month, on 13 October, a student, Yan Lugo, was killed by a bomb thrown into a student demonstration in Cali. He was nearly blown in half. Ten other students were severely wounded. The police accused him of being blown up by a bomb that he was carrying. All the students deny that, but—surprise, surprise—no investigation has taken place, as far as we know.

An even more brutal story appeared earlier this year when three women from one family were massacred—butchered to death—by paramilitaries, in addition to two farm workers being shot. Those people were killed with machetes. The youngest, five-year-old Sorith Roa, had her hands chopped off. That happened on the same day that 1,000 local peasants organised an event to give testimony of army abuses in the region. It happened in an area controlled by the army, which, it seems, did nothing whatever about it and let it happen. Why were those women murdered? Was five-year-old Sorith a FARC guerrilla?

Those are just two examples of what continues to go on in Colombia today, and still no one is brought to justice.

Jim McGovern (Dundee West) (Lab): I, too, took part in the visit to Colombia in 2009. Like me, my hon. Friend will be aware that people are murdered—shot to death, their bodies riddled with bullets. Then a camouflage

[Jim McGovern]

uniform is put on them, but there are no bullet holes in the uniform, so there is no investigation. Does he agree that that is outrageous?

Jim Sheridan: That is a classic example of how the Colombian authorities carry out their business. My hon. Friend is absolutely right. He was with me, and we spoke to the mothers of the poor young men who were assassinated—massacred—in exactly the way he describes.

To return to the question of people being brought to justice, 98% of the crimes that we are discussing were carried out under the army's nose. I fully appreciate that President Santos has promised widespread reform and "democratic prosperity". One of his announcements was that he would disband the Colombian security police force, known as the DAS, which was notorious for its widespread links with paramilitaries. He has also set up an investigation into the links between DAS police and the paramilitaries. However, the 6,000 DAS staff are simply to be divided up among a new intelligence agency, the Office of the Attorney General, which is charged with investigating crimes, and the Office of the Prosecutor General. Therefore, that so-called reform, rather than purging one institution of its links to paramilitarism and crime, will place its members within the institutions charged with investigating those links. You could not make it up, Mr Williams.

Furthermore, the national security doctrine that governed the DAS will remain unchanged, which means that the new intelligence agency is likely to continue to view the political opposition and social movements as allies of subversion.

Under President Uribe, Colombia pushed through a justice and peace law that allegedly saw paramilitary forces demobilise. From that moment on, the Government have said that paramilitaries no longer exist. The growth of abuses by successor groups has forced the Government to recognise the violence, and they now call them "criminal bands". However, that does not recognise the political and economic control that paramilitaries continue to exert in vast regions of the country, and it reduces the murders that they commit to random acts of violence, rather than classing them as politically motivated crimes.

Furthermore, the complicity and co-operation of Government forces with the groups continues. In the Casa Zinc massacre in Montecristo at 7 pm on 17 August, paramilitaries tortured and killed three peasants. Army troops were stationed nearby, but did not intervene. On 12 October, the San José peace community denounced army and paramilitary co-operation in the region, cataloguing a series of abuses, including threats, illegal searches and recruitment of minors. On 16 August, Rafael Andres Gonzalez Garnica, a peasant trade unionist, was assassinated in Cartagena del Chaira, Caqueta, an operational centre for the army, only a block from a police checkpoint.

An independent report by the New Rainbow Corporation states that, in some areas in Colombia, paramilitary forces follow once the army establishes control and that in others

"some members of the military forces seem to be one"

with paramilitary groups. That helps to explain why many human rights abuses occur in areas that the army controls.

I fully appreciate that President Santos has introduced, as the flagship of his approach, the land and victims law, the stated intention of which is to return land to the peasants from whom it has been stolen since 1991 and to compensate people who have been the victims of human rights abuses since 1986. However, the reality is that even if the web of quasi-legal documents that now tie that land to big business or even multinationals is untangled and even if, as is unlikely, peasants can win a claim to some land, they are likely to suffer the same fate as Ana Fabricia Cordoba—a community leader killed on 7 June this year. She had repeatedly told authorities that she was receiving death threats, but nothing was done to provide her with protection. She had led the community's demand for their stolen land to be returned. She fled her home region in 2001, after her husband was murdered. She was killed 11 months after her son was also murdered—a crime allegedly carried out by the police.

Jim McGovern: Last week, Aidee Moreno—a Colombian trade unionist—visited Parliament. Her entire family has been targeted because of her trade union activities. Her brother, husband and mother have been brutally murdered by paramilitaries. Her niece has disappeared, never to be seen again. Under the provisions of the land and victims law, Aidee Moreno would be due some financial compensation. However, she does not seek compensation, because she says that it

"doesn't compensate for all those years of suffering and injustice."

Will my hon. Friend join me in sending best wishes and regards to Aidee Moreno?

Jim Sheridan: I, too, had the privilege and pleasure of meeting that brave young woman, who has put her life on the line for people in her community. I have to say, unfortunately, that time will tell whether her bravery is rewarded or whether she is found dead—killed—as well. We complain about the problems in relation to workers' rights and trade unions in this country; it is a humbling experience then to see what happens to people in Colombia who stand up for their basic human rights.

The reality is that paramilitaries still control large regions of Colombia and that, while the army continues to collude with them, nothing will change. Until the Government acknowledge that paramilitarism still exists as a major force, despite Uribe's justice and peace law and the supposed demobilisation, and unless they recognise the political motivation behind the abuses committed by those groups, nothing will change.

The land and victims law would be workable in a truly post-conflict situation, but this is not a post-conflict situation and illegal armed groups are everywhere. Additionally, peasant farmers continue to be displaced and those new victims will not be recognised. It is also disturbing that the victims, if they are to be recompensed in any way under the land and victims law, are forced to waive the right to seek justice for the crime that has been committed against them. They literally have to sign a document saying that they will not seek an investigation into the murder of their mother, father or husband. How can that possibly provide people with any dignity or peace of mind?

Mark Durkan (Foyle) (SDLP): My hon. Friend rightly highlights the fact that the supposed aim of victims law 1448 is to offer victims restitution, but will not victims be unable meaningfully to pursue restitution

when they are still at risk in circumstances of ongoing conflict? Does the law not fail to protect victims in many respects? Does it not offer protection to the victim makers? Is there not also the question of how indigenous people are meant to gain access to their lands when so many mining rights have been granted over huge areas?

Jim Sheridan: My hon. Friend is absolutely right: it is almost impossible for indigenous people in Colombia to reclaim their land, not simply because of the fear of death, but because of the behaviour of some large multinational companies, many of which are based in this country. Their behaviour in clearing peasants' land is unforgiveable, and that must also be challenged.

In addition to buying people off and failing to provide any security to those trying to return to their land, the state has not put in place sufficient organisation to deal with the millions of claims, and it still will not recognise any state responsibility for abuses.

Mr Jeremy Browne: The hon. Gentleman said that British companies, or at least companies based in Britain, were driving indigenous people off their land in Colombia. I should be grateful if he named them, because I would wish to take up his concerns directly with those companies. If he could name them now, that would be very helpful.

Jim Sheridan: I am absolutely delighted that the Minister will take up that case on our behalf, and I will send him the list of companies that we are investigating. I am happy to provide him with that evidence. He can then clearly tell us what actions he, as a Minister, will take.

The land and victims law has arbitrarily established different cut-off points for recompense. The cut-off point is 1991 for victims of displacement and 1986 for victims of human rights abuses, thus denying recompense to those who were made victims before those dates. The land and victims law also arbitrarily sets 2005 as the end date for claims of victimhood. Victims must prove the political nature of crimes committed against them after that date, because the paramilitaries are considered to have demobilised after 2005, despite masses of evidence to the contrary.

The land and victims law effectively legalises displacement in cases where it is established that returning land would affect a region's economic interests. It fails to recognise the phenomenon of urban displacement. Furthermore, the health and education benefits assigned to victims are not a form of recompense; rather, it is the duty of the state to provide such things to all Colombian citizens.

Worse still is the fact that, under the country's new national development plan, priority will be given to industries such as mining and oil extraction. That rules out returning any lands that fall into those categories where it is claimed that doing so would affect a region's economic interests. Ever more people are being displaced as a means of gaining access to land that is rich in resources. In the Meta department, 2,500 families are due to be pushed off their land by the armed forces. The military has accused them of being FARC families, putting their lives in grave danger. Is it purely coincidental that coltan—a highly valuable mineral—has been discovered in the area, which is also highly likely to contain oil?

The land and victims law effectively divides the victims movement, recognising some victims and rejecting others, depending on when the abuse occurred. It also divides victims into those who think a little compensation is better than justice, therefore playing on the desperation of the usually poor victims. For those who try to go home, the continuing existence of paramilitary groups makes doing so a deadly proposition.

Although the President should be given credit for finally recognising the existence of victims, the land and victims law has done more for the Government's political reputation than for victims themselves. Alongside this law, reforms are being made to the judiciary. That includes returning cases involving crimes committed by soldiers to military courts, opening the way for continued impunity, with no one being brought to justice for the thousands of civilian executions that soldiers carried out in cold blood.

To return to the ongoing extra-judicial executions and the general human rights carnage, it is terribly sad that the Colombian Government refuse to acknowledge that politically motivated paramilitaries continue to exist, that their own forces are responsible for extensive killings and that, despite efforts to the contrary, no progress has been made on impunity.

Trade union activists in Colombia risk their lives in their attempt to bargain collectively for better pay and conditions. Colombia is the most dangerous place in the world to be a trade unionist. In 2001, a British trade union delegation travelled to Colombia to meet colleagues there. Its members were so horrified by what they encountered—the lack of basic human rights and a general free hand to kill trade unionists—that they came back to Britain and, with other unions here, established the excellent NGO, Justice for Colombia, which belongs to every major UK trade union, such is the strength of feeling among unions here about the basic right to pursue collectivism to improve working conditions.

Some 2,908 trade unionists have been killed in Colombia since 1986, and 23 have been killed this year alone. Before anyone else mentions this, I should point out that the Vice-President is a former trade union leader. The embassy seems to think that that will convince us that things have changed, but in reality, it has changed nothing for trade union activists.

At 10 pm on 16 August, trade union activist Rafael Andres Gonzalez Garnica was murdered while having dinner with friends in a restaurant. He was shot dead just yards from a police checkpoint in the department of Caqueta, which locals suspect was being manned by police and paramilitaries. On 22 August, trade union activist Alfonso Diaz Villa was assassinated near his home. He was a regional leader of the university workers union, SINTRAUNICOL, and he had been receiving death threats since 2005. Despite the danger in which the union's leaders find themselves, the Colombian Government have suspended the protection scheme for them, belying the regime's claims that trade unionists are given adequate protection. As usual, the murderers are not brought to justice. According to Human Rights Watch, people have been brought to justice in only 10% of cases, although almost 3,000 people have been killed.

The British unions and their NGO, Justice for Colombia, formed a parliamentary group of MPs and lords. Together, we will continue to fight for the safety, well-being and

[Jim Sheridan]

rights of our friends in the Colombian trade union movement and of others fighting for justice in Colombia. Our main priority is to help to encourage the parties to the Colombian conflict to engage in a proper peace process that achieves real social justice, because the conflict will not end without it. A colleague will come on to this issue in more detail later, but I want to highlight early-day motion 2276, which we have tabled to that end. I call on the UK Government to use their influence to support that aim.

Justice for Colombia and the MPs and peers in its parliamentary group are often the subject of underhand slurs and insinuations, but we understand that that is par for the course, and we will not be deterred. Meanwhile, I hope President Santos's words will soon be translated into actions. For too long, our intelligence has been insulted by the Colombian Government, who think that we will be convinced by flowery speeches and well-meaning words. The Colombian people have suffered enough—it is time to see action.

11.29 am

Martin Horwood (Cheltenham) (LD): I welcome the debate. It is timely that the hon. Member for Paisley and Renfrewshire North (Jim Sheridan) has obtained it to coincide with the visit to this country of President Santos. The account that the hon. Gentleman gave of the violence and abuse being meted out to individuals and whole communities in Colombia was very moving and disturbing. While I expect the Government will want to emphasise trade and positive co-operation on such things as climate finance during the visit—those things are extremely positive—it is right that human rights should play a prominent part in the debates surrounding the visit, and in the Government's specific discussions with President Santos.

The record is still very poor. The ABColombia group of British NGOs working in Colombia reported in recent documentation that the total number of people assumed —even by the Colombian Attorney-General's office—to have disappeared for political reasons in Colombia is 27,000. That is an astonishing number. The Catholic Fund for Overseas Development reports that attacks on human rights defenders and community leaders have, if anything, escalated in recent years, despite the positive statements that President Santos made when he came into office. In fact, it says that 54 human rights defenders or community leaders have been killed in the first year of the President's term of office. A local NGO reported 174 different acts of aggression or violence against human rights defenders.

The hon. Member for Paisley and Renfrewshire North is right to highlight the position of trade unionists in Colombia, which seems uniquely vulnerable. An International Confederation of Free Trade Unions survey this year reported that 49 trade unionists had been killed in Colombia—more than ICFTU reported killed in the whole of the rest of the world. Even the country's Government admit that 37 people have been killed simply for their trade union activities. Amnesty International tried to get to the source of the killings of trade unionists, and its analysis suggested that roughly half were paramilitary groups completely outside the control of state agencies and that a very small fraction were guerrilla movements such as FARC; but Amnesty reckoned that more than 40% were connected to state forces. That is an extremely troubling statistic in any country that aspires to democracy and the rule of law, as Colombia clearly does. It has ratified international human rights conventions, and International Labour Organisation conventions on the rights of trade unionists; yet until last year, it had been on the ILO trade unionist rights blacklist for 21 years in succession. That is a pretty appalling record.

The Foreign Office has recognised the seriousness of the human rights situation in Colombia, and I have many times praised and welcomed last year's human rights report by the Department and the Secretary of State, which highlighted issues about Colombia. It also highlighted another issue dear to my heart, since as well as being an occasional Liberal Democrat spokesman, I chair the all-party group on tribal peoples. The Government's report sets out very well the vulnerability of indigenous peoples. It is not only illegal armed groups but commercial interests—in mining, rubber and palm oil—that are effectively involved in land grabs and some of the worst violence against any communities in Colombia. Twelve people were killed in the worst massacre, in 2009, of the Awa people, including a three-year-old child and an eight-month-old baby. That is the level of violence and abuse. As always, tribal people's rights are connected to land rights.

The present Government must be given some credit. The hon. Member for Paisley and Renfrewshire North talked about the victims law; ABColombia highlighted that and, indeed, many of its weaknesses and the interaction with the economic situation. They nevertheless described it as

> "an important step forward in recognising the need to restore land to Colombia's victims."

There is a slight danger that if we criticise every aspect of progress we shall end up discrediting every attempt to make progress. President Santos has made positive statements. He has talked about the "firm and unavoidable commitment" to the defence of human rights.

My hon. Friend the Minister has been active in positively promoting human rights in Colombia, seeking an active role for the embassy in co-ordinating with civil society and the Government in recognising the importance of human rights and their defenders. On his August visit he met a variety of Colombian Ministers, including, I notice, the Minister of Defence. Are we planning any co-operation with the Colombian Government on military-to-military links, to try to re-emphasise the role of the military in a democratic society? That role is difficult for some military establishments in new and fragile democracies. We see it played out in Egypt, where the military are reluctant to submit to full scrutiny and to full exposure of abuses that have been going on for years. They are reluctant to step back from a role of assumed oversight of the welfare of the country. However, that is what the military must do: they must be forced to step back and tackle the abuses in their own organisation, and the connections, indeed, to some paramilitaries, which still clearly exist in Colombia. Are the British Government actively promoting such change in the Colombian military?

Apparently 298 members of the military have been convicted of human rights abuses, which is a positive development. When President Santos was Minister of Defence he sacked 27 military officers, including three generals, and as the hon. Member for Paisley and Renfrewshire North said, he disbanded the DAS organisation; so positive steps are being taken.

Jim Sheridan: The hon. Gentleman is right; they were sacked—but none of them was prosecuted.

Martin Horwood: That emphasises the importance of seeing such commitments through, and taking a thorough approach to transparency and accountability among the military. I was going to say that although 298 convictions sound like a huge number, the total number of outstanding cases under investigation as of September 2011 was 1,486. The figure of 298 is a fairly small percentage.

I shall not take more time, because other hon. Members want to speak. I recognise the positive work that the Minister is doing to promote human rights in Colombia, and it is welcome, but my fundamental question to him is about the concrete steps he has managed to discuss with the Colombian Government, to try to make a difference to the underlying violence and abuse that are clearly still present in Colombian society. What steps are we taking to collaborate with and support the Government in taking those concrete, definable steps?

Several hon. Members *rose—*

Hywel Williams (in the Chair): Order. The wind-ups will start at 10 past 12, and several hon. Members hope to catch my eye, so I appeal to them to be brief.

11.38 am

Chris Bryant (Rhondda) (Lab): I congratulate my hon. Friend the Member for Paisley and Renfrewshire North (Jim Sheridan) on securing the debate. It is timely not only because of the visit of President Santos: it is important that the House should constantly remind itself of the human rights problems in Colombia and, for that matter, other countries in Latin America. One of the sadnesses for many hon. Members who have had dealings with Latin America is the fact that it is still one of the continents most plagued by violence of many kinds, and that it is also plagued by phenomenal poverty and extraordinary wealth. Many of us hope that it will be a continent where the wealth of the land is more evenly distributed between everyone.

My hon. Friend has already outlined some specific problems of Colombia, which include the fact that 5.2 million people have been displaced, more than in any other country, and despite the fact that the population is not enormous compared with many others. The process of displacement goes on. In 2010, according to many NGOs, another 280,000 people were displaced from their land.

There is a hideous degree of corruption in many parts of the state in Colombia, including the judiciary. That is one of the problems that has led to a significant degree of impunity, to which my hon. Friend the Member for Paisley and Renfrewshire North alluded, particularly for paramilitary groups of many different shapes, sizes and kinds. Indeed, Vice President Angelino Garzon said in November 2010 that

"the immense majority of crimes [against] trade unionists remain in impunity…there have been advances in the investigations…but we still have not"—

I apologise for the American English that I am about to use—

"gotten to 200 court rulings, and there are thousands of workers and union leaders killed and disappeared."

That is absolutely true.

There are many reasons for that impunity. In particular, under previous dispensations, it was in part because the Government did not want to deal with it or punish the people responsible. In some cases, that was, as I said, due to corruption in parts of the judiciary, but in other cases, it was due to intimidation of the judiciary.

I think that the Attorney-General's office would admit that although the sub-unit that has been dealing with specific issues regarding trade unionists since 2007 has had some success, a large amount of that success has been because of the confessions that some people made under the justice and peace process that was started back then. In fact, since 2007, there have been only six convictions in 195 cases regarding trade unionists. Lest people think that the situation is markedly better today, in 2010, within everyone's accepted definition, there were at least 51 cases of trade unionists being murdered, and so far, only one case has been opened by the Attorney-General's office. The process of impunity continues, not least because often, while the actual murderers may be prosecuted, the authors—those who have started, promoted and enabled the process and allowed it to continue—have rarely been touched by the Attorney-General's sub-unit. That is a major issue that needs to be addressed. Many candidates were killed in the run-up to last year's local elections, and still we see complete impunity regarding those cases.

When I was the Minister who had responsibility for this area, I spoke clearly to the then Attorney-General, to various Ministers in the Uribe Government and to President Uribe himself and outlined one of my concerns, regarding the nature of the law of rebellion. If we had a law against rebellion in the United Kingdom, I think my hon. Friend the Member for Newport West (Paul Flynn) would be permanently in jail. The way that law is used in Colombia in many cases brings its criminal justice system into disrepute. Many people will say, "But it is just an additional law. Someone must already have been found guilty of another criminal offence", but that is one area in Colombia's statute book that needs reform.

I have met President Santos on several occasions. He spoke fine words in his inauguration speech and I think he intends them, but the question is whether he can see them through to a conclusion. It is great that one of the first things he did was to achieve some kind of resolution on the relationship with Venezuela. The Uribe-Chavez mutual hatred appreciation society did no favours for either Venezuela or Colombia, in particular for the poorest people living on the border between the two countries.

I am delighted at the change in the mood music, especially regarding human rights defenders and workers. However, in the first six months of 2011, there was a 129% increase on the previous year in the number of attacks on human rights defenders. While I wholeheartedly support President Santos's declared intentions, I want to see them pursued in reality.

Jim McGovern: The hon. Member for Cheltenham (Martin Horwood) seemed to be saying that President Santos's visit is primarily about trade, industry and the economy, and that human rights may possibly be discussed. Does my hon. Friend agree that human rights should be very high on the agenda, rather than an aside or an afterthought?

Chris Bryant: My hon. Friend predicts what I am going to say. Yes, I have always believed that UK foreign policy needs to be pursued on parallel tracks. Of course we want to promote greater trade, but that trade must be based on fairness and freedom. It cannot be based just on our freedom to trade with people; it must be based on the freedom of people to live their lives with dignity and liberty. In Colombia, that has been difficult to achieve in many cases.

That is why I want to raise the issue of the European Union free trade agreement. Originally, the agreement was meant to be with several central American countries, but some wanted to pull out. Now, it is envisaged as just being with Colombia and Peru. I passionately believe that the agreement has to be a mixed one. It should not just be about trade, and so should not just be the sole responsibility of the European Commission. It is vital that when Europe pursues FTAs, they include human rights issues and issues about weapons of mass destruction—not because I think Colombia has a WMD, but because we cannot have one form of FTA in one part of the world and a completely different form in another part. It is therefore important that the Commission does not deal with the issue on its own, and that the agreement is ratified in the Parliaments of each EU member state.

For instance, in our Parliament, we could have a united position to say, "Yes, we want greater and better trade with Colombia." I know that the Scotch whisky industry has long been keen to have an improved relationship with Colombia and, for that matter, Peru, but it cannot ignore the human rights abuses that are self-evident in Colombia and, increasingly, in Peru. I hope that the Minister will reply that that is the process we are going to adopt, although I note that the Commission keeps trying to squirm its way out, so that it ends up in a position where it decides just on its own.

I want to pay a little tribute to the British ambassador and his staff in Colombia. I will spare his blushes, but Mr John Dew is, I think, one of the finest diplomats employed by the Foreign Office. Colombia is a phenomenally difficult environment to work in, where difficult security measures have to be adopted, but he has carried that off with aplomb. I also pay tribute to the many other British people who have worked in extremely difficult circumstances in our embassy in Colombia.

I very much hope that we will not say that our foreign policy is just about trying to sell more things to foreigners. It also has to be about trying to achieve a fair world, not least because British businesses cannot do business in other countries if the rights of indigenous people are trampled on, if violence is a daily transaction that people have to make to survive, and if people do not have enough to live on.

11.48 am

Paul Flynn (Newport West) (Lab): I pay tribute to my hon. Friend the Member for Paisley and Renfrewshire North (Jim Sheridan) for securing the debate and for his persistent campaigning. He clearly feels deeply about the tragedies that are taking place, and have been for decades now, in Colombia. He is absolutely right to continue to draw them to the attention of the House.

A low point was when we saw a British Foreign Office Minister posing and smiling among a group—

Chris Bryant: Not me.

Paul Flynn: Not my hon. Friend. That Minister was smiling with an army unit that was notorious for murdering trade unionists. We have a record of plenty of indignation and horror at the atrocities that are going on, but little practical progress that we can see.

I agree with those who say that we should seize the opportunity offered by the words of Santos and give him the benefit of the doubt—there are many reasons for doubting his sincerity, due to his past. However, he is now speaking a language that no one else has spoken for a long time in Colombia. The President of Mexico has made a similar plea to the one made by Santos the other day—Mexico has lost 40,000 people in the past five years due to drug trafficking and the drug wars—to address the core of the problem, which started not last year or 10 years ago, but in 1961, when the world decided, through the United Nations, that all illegal drug use throughout the world should be eliminated. It was a simple matter: we had only to increase the punishments and the surveillance and, within a decade or two, there would be no use of illegal drugs. In Britain, we passed the Misuse of Drugs Act 1971. We had fewer than 1,000 people addicted to heroin and cocaine then; now we have 320,000. That pattern has gone on throughout the world. Santos is right to say that the divisions in his country, the armies that are funded entirely by money from drugs and the chaos that exists in many other South American countries are problems that we in the west, and particularly in the United Kingdom, have created.

Last week, the European Monitoring Centre for Drugs and Drug Addiction published a report that identified the United Kingdom as the second largest consumer of cocaine in our continent. The other countries that use drugs in similar record amounts are the United States and Spain. The reason for the chaos in South American countries is the demand that is coming from this country. We have mistaken the use of coca and cocaine. Coca has been used for centuries, particularly in Bolivia, as an appetite suppressant and to guard against altitude sickness. The way it was ingested ensured that there was no narcotic effect. In the west, however, cocaine is ingested in a manner that produces the narcotic effect. To a great extent, therefore, the problem is ours. If we are looking for some way to reduce this, we should listen to what Santos is saying now. He is bravely calling for a new look at drugs, perhaps including the legalisation of the use of cocaine and other drugs. He realises that he is taking a great risk and that he will be mocked and denounced, particularly by the United States.

Sir Keith Morris, former British ambassador to Colombia, said:

"Those of us who have campaigned for serious debate on the issue have been frustrated by the number of senior politicians who have agreed with us but said they could not take a public stand for fear of committing political suicide due to a hostile reaction from the US administration or public opinion or, in the UK, from the Daily Mail."

How true that is. When we talk to one another and discuss these things—*[Interruption.]* Does the hon. Member for Gloucester (Richard Graham) want me to give way? He does not. We know from private discussions among consenting MPs that there is general agreement that the drug laws are disastrous and that prohibition is increasing the problem. We must take a fresh look at the problem, which is what Santos is calling for. Sir Keith Morris went on :

"The fact that the president of Colombia, the country that has paid the highest price and fought hardest in the war on drugs, should have been prepared to speak out so courageously should inspire the many in American and European political circles who share his view about the failure of the war on drugs at last to make their voices heard."

The problem and the bloodshed in Colombia would be best undermined if there was an act of courage by European and world politicians. We must face up to the awful fact that it is prohibition that is killing people in South America and on the streets of our cities.

11.53 am

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): I am pleased to have the opportunity to contribute to the debate. I have been to Colombia on two occasions. My first visit was some 10 years ago. I went to the rain forest and met a community of Afro-Colombians who had been displaced from their homes. It was an experience that I will never forget. No one in this Chamber today has anything but the best wishes and best intentions for Colombia and for the Colombian people. We should recognise where progress has been made and the rhetoric has certainly changed with the new president, but, as we have heard quite graphically, the rhetoric does not necessarily match up to the reality. Human Rights Watch has said that there has been virtually no progress in bringing to justice the killers of trade unionists. We want progress now. Fine words have been said far too often in the past.

I want to concentrate on the situation that faces political prisoners in Colombia. Two years ago, I went to the country with my colleagues from Justice for Colombia. I saw the horrors faced by trade unionists, members of the opposition, community leaders and human rights activists. One of my most tragic and heart-wrenching experiences was visiting the women's prison in Bogota. We visited patio 6, which is where trade unionists and other critics of the regime are locked up simply for defending the rights that we hold dear, including the right to protest, the right to organise and the right to freedom of expression.

Basic human rights are constantly denied and that is repeated in prisons all over the country. Leading activists are arrested and accused of "rebellion", which is a catch-all charge used to imprison critical voices. They are accused of being guerrilla collaborators simply for exercising their right to criticise and organise. Thousands of political prisoners live a precarious existence in which they are often held for months or years without trial. They are denied due process, medical care and their freedom. Others are simply peasants who have committed the grave crime of living in a region where there is a guerrilla presence. As such, they are rounded up and imprisoned.

Examples of recent detentions include the arrest on 22 August of four members of FENSUAGRO, the Colombian agricultural workers' union, who were detained in Putumayo. Two more of their colleagues from the region were detained, on 30 June and 7 August. All are accused of "rebellion" and continue to be held in Mocoa prison, Putumayo.

On 2 October, eight social leaders, including trade unionists, human rights defenders, teachers and students, were detained in Neiva and Caqueta. On 16 October, more peasant farmers were detained arbitrarily in the municipality of La Uribe, Meta.

When I visited the prison, I met Liliany Obando, who left a lasting impression on us. She is an academic and trade unionist who, like many MPs and union leaders, was imprisoned for highlighting the killings of trade unionists. Liliany is accused of "rebellion" and has been detained since 8 August 2008 without being convicted of any crime. Her legal process is marred by severe irregularities and arbitrary delays. The supposed evidence against her has been used in numerous cases against members of the opposition and has been ruled "inadmissible" in one of those separate cases. Her defence continues to be denied full access to this "evidence". Her lawyers have submitted 16 appeals against what were considered unfounded legal decisions, yet all were denied, with no legitimate reason provided.

In June, Liliany was moved to a patio that she now shares with paramilitaries, and she is allowed outside for only one hour per week. The Colombian Government, through their embassy in the UK, have claimed that that action was taken for Liliany's own safety. She has faced physical abuse from prison guards and been denied many visits in recent months. When I met her she said that

"even though we are imprisoned, we don't give up our struggle, we retain our principles and our morals. We are women who can change things."

Those words have been lodged in my memory ever since.

Another example is Professor Miguel Angel Beltran, who is a member of the academics' trade union and a well known critical thinker. He was accused of "rebellion" and imprisoned from 23 May 2009 until 7 June 2011, when he was finally absolved of the charges against him. Just one day after Miguel's arrest, the then President, Uribe, publicly accused him of being one of the most dangerous terrorists of the FARC. Of course, President Uribe was famous for describing as a terrorist anyone who suits him. He used a few fine words against me and some of my colleagues during our visit to Colombia.

Despite the fact that Dr Beltran was absolved of any crime, the Office of the Inspector General opened a new disciplinary procedure against him, based on the evidence that has already been disproved at his trial. If Dr Beltran is wrongly convicted, that will yet again prevent him from working and teaching as an academic. Ministers and the mainstream Colombian media have also continued to describe him as a terrorist. For example, in an interview with *El Tiempo* on 27 June 2011, the Minister of the Interior referred to Dr Beltran as "Cienfuegos", which is his supposed terrorist alias. That was particularly

[Sandra Osborne]

concerning given that, on paper, that Minister had agreed to provide Dr Beltran with a security scheme because of concerns about his security and threats against his life. That promise is yet to be fulfilled. Instead, since his release Dr Beltran has faced threats and phone interceptions, a USB has been robbed from his apartment and he has learned of plans for his assassination, which state that it will be carried out by either forced disappearance or faked accident.

[Annette Brooke *in the Chair*]

Those are just a few examples of the many political prisoners in Colombia, whose existence the Colombian Government deny. In meetings held with the Colombian ambassador to the UK, that issue causes the most anger. The ambassador vehemently denies that any political prisoners exist in Colombia. The Colombian Government's argument is that the judiciary and executive branches of government are separate, and that the Government have no political influence over the judiciary. That is blatantly untrue. Time and again, we have seen instances of political bias in legal cases, impunity for the killers and legal set-ups of the victims. We know that, although Santos does not attack the judiciary as Uribe did, there continues to be a paramilitary influence in many cases.

Colombia's political prisoners are not mentioned in the international media, unlike political prisoners in Burma or Zimbabwe. The majority of the British public do not know of the tragic scenarios being played out around Colombia, where trade unionists, academics and human rights activists are subjected to indefinite periods of imprisonment. They are kept away from their children and held in terrible conditions.

We do not hear of the beatings of prisoners, the mass hunger strikes or the lack of water. On 2 December last year, a prisoner died after being beaten by prison guards. Earlier this year, hunger strikers in Valledupar prison sewed their mouths up after being denied proper access to water. The response of the authorities was to attack the prisoners.

I will never forget the experience of seeing single mothers and babies being locked up over the mothers' trade union activities. As we condemn that practice in other countries, so too must we condemn it in Colombia. This is a systematic pattern of action being used to silence critical voices and it shows that, on the ground, Colombia is very far from being the democracy that its leaders claim it is.

Several hon. Members *rose—*

Annette Brooke (in the Chair): Order. I remind hon. Members that the winding-up speeches will begin at 12.10 pm. I call Jim Shannon.

12.2 pm

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member for Paisley and Renfrewshire North (Jim Sheridan) on securing this debate and on bringing this matter to the House. I want to highlight an issue that perhaps has not been touched upon, which is the human rights of Christians in Colombia.

The Church that I belong to and that I suspect some others in this Chamber belong to, and that many people outside of this Chamber belong to, supports missionaries in many parts of the world and it specifically supports Christians in Colombia. I just want to highlight some of the issues that concern that Church.

We are all very aware of the deadly FARC extremists who are trying to hold sway in Colombia; they are the longest-operating left-wing guerrilla group in Latin America. I want to focus on the human rights abuses and the violence in Colombia that deliberately target churches and their leaders for standing up to the guerrillas and their armed rebellion.

In the time that I have today, I just want to highlight some of those abuses; I am conscious of the issues, but I will not dwell on them too long. There is a catalogue of examples of how the FARC guerrillas have deliberately targeted churches and the work that they do. The guerrillas have tried to close the churches and stop the prayer meetings and gatherings of the people who attend them. By and large, however, the churches have managed to stand up to the guerrillas, and it is good that they have done so.

There is not only human rights abuses against Christians by the FARC extremists, but diminution of human rights and Christian activity by the Colombian state, and I wanted to highlight some examples of that state activity. The Indigenous Municipal Council has suffered a number of violations, including violations against 3,000 indigenous Christians in the province of Cauca. The hon. Member for Ayr, Carrick and Cumnock (Sandra Osborne) said she had some difficulty with some of these Colombian words and so have I. As an Ulster Scot with a very distinct Ulster accent, it is sometimes difficult to get my tongue around some of these words. The governor of Cauca ordered property to be removed from some people in the province. On 17 December last year, a council man was murdered because he was a Christian. On 3 February this year, a Christian family were forced out of their burning home. The leaders of the Indigenous Municipal Council and 20 Christian families were also forcibly moved. A pastor, his nine-year-old daughter and a woman from the pastor's church were killed because they stood up to the abuse of Christians. Another pastor's wife was killed, and other people have been imprisoned. Clearly, there has been a catalogue of discrimination and brutal attacks on members of the Christian community.

There have also been political attacks on people. In many villages in Colombia, especially on the western coast, the guerrillas are writing threatening messages on walls and deliberately targeting people in the villages to get them to vote for the candidates that the guerrillas support in elections.

I also want to comment on the issue of religious freedom and on the restrictions that exist in Colombia. In 1991, the Colombian constitution respected religious freedom and practice, and it also mandated the separation of church and state, which is a principle I support. However, the Catholic Church retains a de facto privilege and status in Colombia. Also, the state recognises as legally binding only those religious marriages celebrated by the Catholic Church. Members of the 13 non-Catholic religious organisations, which are not signatories to the constitutional agreement, must marry in a civil ceremony. So I again highlight the fact that there is clear human

rights abuse and discrimination against those people. Also, the Treasury Department in Colombia imposes a 4% tax on all tithes, offerings and charitable contributions to certain churches. I contribute to much missionary work—I know that other people do as well—and in Colombia there is also a 17% tax on all financial assistance received from abroad.

Those are the points that I want the Minister to respond to. I am sorry that I do not have time to develop them more, but I look forward to hearing his response.

Annette Brooke (in the Chair): I call Mr Andy Love to speak. I am afraid that you have only three minutes.

12.7 pm

Mr Andrew Love (Edmonton) (Lab/Co-op): Thank you, Mrs Brooke, for calling me to speak.

I congratulate my hon. Friend the Member for Paisley and Renfrewshire North (Jim Sheridan) on securing this debate and on securing it in the week that President Santos is in the UK. One hopes that not only the Minister but President Santos himself will hear the concerns that are being expressed today.

I will speak briefly about trade unionists. My hon. Friend and indeed all Members who have spoken in the debate have touched upon the habitual abuses committed against trade unionists in Colombia. During the past 25 years, 3,000 trade unionists have been murdered, often in front of their families. I will come back to that issue in a moment, but before I do so it is important that we discuss the current Colombian Government's approach to trade union rights.

For some time, Colombia has been seeking to reach a free trade agreement with the European Union—that was touched upon by my hon. Friend—and with the United States, Canada and other countries. President Obama was deeply unhappy about the human rights situation in Colombia and talked about it in his campaign speeches. As one means of going some way to addressing the situation facing any organised labour in Colombia—workers need that help in Colombia, where people work in the most basic of conditions in a mineral-rich country, earning a pittance while making millions for multinationals—the Colombian Government agreed, under pressure, to what was called a labour action plan. That was stipulated by the Americans as a condition of their entering into a free trade agreement with Colombia. Some of the measures included in that plan held out promise of improving labour and human rights, and they were widely trumpeted as if they would resolve the labour rights situation.

Now, more than seven months since that action plan was signed, all three federations of the Colombian labour movement and the highly respected ENS trade union school have said that they were not consulted in the drawing-up of the action plan and that the Colombian Government have failed to implement the measures outlined in that plan, because:

"the State as a whole is not committed to the Action Plan related to Labour rights".

The ENS trade union school has said:

"the new labor agenda is not a reality, since business owners and public servants continue to broadly violate labor and union rights."

Since the action plan was signed, 16 trade unionists have been assassinated. In normal circumstances, I would have gone on in much greater detail about the problems faced by trade unions, but they have been well documented today. However, I ask the Minister: did he take these concerns up with President Santos in his meeting earlier today, and what further action does he propose the British Government take to address all the trade union and human rights violations, in the context of the trade agreement that is likely to come forward at a European level?

12.10 pm

Kerry McCarthy (Bristol East) (Lab): I congratulate my hon. Friend the Member for Paisley and Renfrewshire North (Jim Sheridan) on securing the debate. The number of Members wanting to speak, intervene and listen shows the strength of feeling about the issue. The debate is very timely, coinciding as it does with President Santos's visit.

My hon. Friend provided us, as did a number of other speakers, with compelling accounts of human rights abuses in Colombia, in particular concerns about comrades in the Colombian trade union movement. He said that Colombia is the most dangerous place in the world to be a trade unionist, with 2,908 of them killed since 1986 and 23 so far this year. He expressed his deep concern about impunity, about the lack of prosecution of those responsible for the killings. He also expressed some scepticism about whether the warm words and rhetoric of President Santos, who was elected last year, would be matched by action, and about the how the land and victims law will work in practice. I shall come to that.

My hon. Friend the Member for Rhondda (Chris Bryant) talked about the EU free trade agreement, and he is right that it should not be just about trade. When we enter into such negotiations, it is important to use the leverage that they give us to put human rights issues on the table as well. He said that foreign policy should not just be about selling more to foreigners, and I entirely agree.

My hon. Friend the Member for Newport West (Paul Flynn) raised the important issue of the impact of the drugs trade and consumption in the west on communities in Colombia and Mexico. He said that the UK, the US and Spain are the largest consumers of cocaine. It is said that a line of coke snorted here results in a death back in Colombia—a compelling image. When President Santos addressed the all-party British-Latin America group yesterday, he was asked about that and he said that it is not just the link between cocaine consumption here and the violence in Colombia but the really serious issue of deforestation and land grabbing. We ought to factor in the significant environmental impact of consuming cocaine in the west.

We of course welcome President Santos on his visit to the UK. It is a very important opportunity for dialogue, not just on human rights but on other issues of great importance to the relationship between our nations, such as trade, the environment and working together on technology transfer. Yesterday, the President was particularly keen to flag up education, and whether Colombia can learn from and adapt our approach to training and skills in the UK, which is somewhat ironic

[Kerry McCarthy]

given that the trade union movement has been so involved in pushing that agenda here. As today's debate has shown however, the human rights situation in Colombia continues to be our gravest concern. I appreciate the President's willingness to address that issue in a full and frank manner with the all-party group yesterday, and also at the meeting I attended with the Leader of the Opposition and the shadow Foreign Secretary straight afterwards, when we discussed in depth concerns about the continued violence in Colombia and impunity, in particular attacks on human rights defenders and trade unionists.

Jeremy Corbyn (Islington North) (Lab): I am sorry that I missed the early part of the debate; I was in a Select Committee. Does my hon. Friend agree that it is a collective failure by the European Union, the International Labour Organisation and the Inter-American Court of Human Rights that none of the human rights elements in the trade and other international agreements that Colombia has signed up to has been enforced at local level, and that therefore the disappearances of very brave human rights defenders and the abuse of their human rights continue?

Kerry McCarthy: I agree that past attempts to put pressure on Colombian Governments have not been effective. Impunity, at 98% or thereabouts, is a shocking statistic. It is important, and I will ask the Minister about this in a moment, that we use any leverage we have, anything within our power, to try to push that agenda along to ensure that it is not just warm words about human rights but that action is taken on the ground to protect them. President Santos was prepared to meet the non-governmental organisations today. I was not aware yesterday that trade unions would be involved in that meeting, and it is very important that they were. Anything the Minister can do to ensure better dialogue between the people from the trade union movement who have visited Colombia and the Colombian regime is an important step forward.

Anyone who has met human rights campaigners from Colombia cannot fail to be moved by their stories. A week or two ago I met some women who were talking about the shocking rise in gender-based violence and the use of rape in the conflict. President Santos was not able to explain why there has been such a dramatic increase over the past year or two, and the assessments that have been made seem to indicate that the violence is being carried out by the guerrilla movement, paramilitaries in particular, and the security forces, and that women are being targeted across the board. I hope that issue is very much on the Minister's radar.

Eric Joyce (Falkirk) (Lab): Does my hon. Friend agree that we tend to conflate the issues of drugs and human rights in Colombia but that human rights problems existed long before the country was effectively the centre of the world as far as cocaine production was concerned? Any solution, therefore, must not simply involve killing the likes of Alfonso Cano but have social justice at its core.

Kerry McCarthy: I agree. It is a complex situation, involving drug wars, the political situation, the role of FARC, the land grab and commercial interests. I am not suggesting that there is one solution. It is an incredibly complex situation to unravel, but President Santos's rhetoric is very welcome. Recently, there has been significant progress in tackling some of the violence that has plagued the country over the past 50 years. FARC's activities have been curtailed, but there is genuine concern that a more fragmented organisation is less likely to come to the negotiating table.

Does the Minister see a particular role for the UK? It has been flagged up a number of times that given our history of negotiating with groups, particularly in Northern Ireland, and given the recent decision by ETA, there might be lessons to be learnt that could help the Colombian Government in their discussions with FARC. President Santos has indicated that he is very willing to pursue such negotiations.

President Santos's announcement in the past month about disbanding DAS, the administrative department of security, is a very welcome step given the allegations of collusion with paramilitaries, illegal surveillance, corruption and harassment of judges, journalists and politicians. The president has said:

"The country knows why we have decided to take this step,"

and that is, I think, both a tacit admission that the allegations against DAS were well founded, and an important signal that the President wants to restore the integrity of his country's intelligence services.

Nevertheless, there are understandably still concerns about the human rights situation. In the first year of the Santos Administration 54 human rights defenders were killed, there has been a significant increase in gender-based violence, and there are concerns about the future of indigenous peoples—campesinos and Afro-Colombians—who have been displaced from their land to make way for drug and palm oil plantations and cattle ranching, which the United Nations has described as ethnic cleansing. It is not up there with the human rights abuses involving killings, but displacement is important, as is the question whether the new land and victims law will provide reparation and restitution for those people. What role does the Minister feel Britain has to play, particularly when British commercial interests are involved in such land grabs? How does he think that we can resolve the issue and return land to people?

I know that the Minister has visited Colombia twice and that he met President Santos in Peru as well as this week. He has had a lot of time to get a feel for the new regime. Does he feel that the agenda is moving forward and that we are making progress in pushing Colombia on human rights abuses? In particular, what has he learned from this week's visit?

12.20 pm

The Minister of State, Foreign and Commonwealth Office (Mr Jeremy Browne): Thank you, Mrs Brooke, for giving me this first opportunity to serve under your chairmanship. I pay tribute to the hon. Member for Paisley and Renfrewshire North (Jim Sheridan) for securing the debate and for his ongoing interest in the subject.

We all agree that we want to do whatever we can to reduce human rights abuses in Colombia. I do not think that I have ever met anybody who believes that British foreign policy should solely be about selling things to

foreigners, so let us start with the assumption that we all have greater ambitions than that. The question is how to achieve them.

In his Canning House lecture a year ago, the Foreign Secretary set out his vision for a step change in our engagement with Latin America, and we are working to broaden and deepen our relationship with Colombia in a range of areas, including human rights, trade, education, science, innovation and environmental growth. In our bilateral co-operation, respect for human rights remains a core value. I have raised the issue on numerous occasions with the President of Colombia and many Colombian Ministers. Although, inevitably, our meeting was not as long as many would have liked, it is important that the president was willing to have discussions in the Foreign Office this morning with non-governmental organisations, members of which are attending this debate.

The debate has highlighted some of the human rights problems in Colombia, but it is important to remember the historical context. In the 1990s, Colombia was a country on the brink of complete disintegration. Guerrillas, paramilitary groups and the armed forces were all responsible for widespread abuses of human rights and international humanitarian law. Improvements have been made since that time. My hon. Friend the Member for Cheltenham (Martin Horwood) asked how we have tried to contribute in terms of the military. We have programmes specifically designed to use our expertise and insight to normalise and modernise the Colombian military's behaviour and conduct, but that is inevitably a process. Progress is being made, and a new Colombia is emerging.

Drugs are clearly a problem. I respect the hon. Member for Newport West (Paul Flynn); he made a point about parliamentarians in Britain not daring to raise the issue. I remember the Littleborough and Saddleworth by-election. Given the behaviour of the Labour party, he might choose to reflect on why Labour did not wish to raise the issue after that election.

Chris Bryant: The Minister lets himself down by those last comments. He referred to co-operation between the British military and the Colombian military. Exactly what shape does that take? It is a new policy under his Government. How much is it costing?

Mr Browne: It is not a new policy. We are completely committed to strong human rights in Colombia. We want a normalised military that observes and protects human rights rather than risking or, on occasion, abusing them. We are trying to ensure that the Colombian military has the characteristics that we recognise in our own military rather than those that we do not wish it to have. It is as simple as that. I stand by my previous point. I am in favour of mature debate about drug consumption in the west, but all politicians and all parties must approach that debate with equal maturity.

Paul Flynn: I do not want to mislead the House. The words that I quoted on the cowardice of British politicians were those of a former ambassador. Does the Minister agree with President Santos's call for a new look at prohibition?

Mr Browne: The point I am making is that that was an example of a politician trying to make a broader point about the consumption and legal status of drugs in Britain. I suspect that the way that the politician was attacked in that election provided a disincentive for others to take the same approach.

Eric Joyce: Will the Minister give way?

Mr Browne: I will not, because many points have been made.

There have been improvements in Colombia. Cocaine production has decreased significantly, murder and kidnap rates have declined and Colombia is safer as a result, but more still needs to be done. As Members have said, many candidates were murdered during last month's local elections, and attacks on human rights defenders increased in 2011. The situation is serious. President Santos has set an ambitious reform and modernisation agenda, including a policy of zero tolerance of human rights abuses. In my meetings with him and other Ministers, he emphasised that powerfully.

The passage of the victims and land restitution law is one of the President's most important achievements to date and has been commended by the UN. It aims to return land to huge numbers of displaced people and to compensate victims, and we attach great importance to it. The Santos Government have made it clear that civic society has a key role to play in addressing human rights concerns in Colombia. The British Government share that view. To respond to the hon. Member for Shannon, our ambassadors and others are here today, and I will ask our ambassador to raise our concerns directly.

Jim Shannon: I am the hon. Member for Strangford. Shannon is down south; I am up in the north.

Mr Browne: Sorry. I do not know whether I am the first person to have made that mistake, but I apologise unreservedly.

To respond to the hon. Member for Bristol East (Kerry McCarthy), I have met Afro-Colombian groups and raised their concerns, as well as those of indigenous people, directly with President Santos and senior members of Government. I hope that they are fully versed in the British Government's position.

In March 2011, the Foreign Office's human rights Command Paper identified a chronic lack of capacity and resources in the judicial system as a key barrier to the enjoyment of human rights in Colombia. It remains a significant concern, but progress has been made. The number of prosecutions for extra-judicial killings has risen sharply, and in September, the former head of the state intelligence agency—DAS—was found guilty of criminal conspiracy for providing right-wing militias with lists of left-wing activists and trade union leaders, some of whom were subsequently imprisoned or killed. I agree completely with the hon. Member for Paisley and Renfrewshire North that the problem is far from being resolved. The Colombian Attorney-General's office is currently investigating 1,486 human rights violations allegedly committed by members of the armed forces.

Concerns have been raised about British businesses. I want to make it completely clear that our approach is to ensure that British businesses operating in Colombia and elsewhere maintain the highest standards of conduct. I repeat my offer to the hon. Member for Paisley and Renfrewshire North: if he has examples of specific violations, I hope that he will bring them to my attention.

[Mr Jeremy Browne]

A point was made about free trade agreements by my predecessor, the hon. Member for Rhondda (Chris Bryant), among others. We support free trade agreements, but for the avoidance of doubt, our view is that the proposed free trade agreement between Colombia and the European Union should be, in the jargon, a mixed competence agreement. In other words, it should include the concerns that have been raised. However, as Members have said, there is a Colombian-American free trade agreement, so I hope that we will make progress, with the conditions that I mentioned.

I believe that Colombia offers great potential. It is the second most populous country in South America, and it has worked closely with Britain on numerous issues of joint concern that I am sure are shared by Ministers and Members as well. However, we take the point that a normalised, strong, healthy relationship with the Colombians requires marked improvements on human rights. That process has been ongoing, and we recognise the progress made, but we wish to work closely with the Colombian Government to ensure that dramatic further progress is made soon.

Pension Protection Fund

12.30 pm

Jonathan Evans (Cardiff North) (Con): It is a pleasure to serve under your chairmanship, Mrs Brooke. I shall begin by drawing attention to my entry in the Register of Members' Financial Interests, although I am not aware that any of the companies to which I am connected have any current business associated with any of the issues that I intend to raise. It is, however, important that I draw the entry to Members' attention.

I am grateful for the opportunity to discuss important and unresolved issues in relation to the operation of the Pension Protection Fund and the financial assistance scheme, and their impact on a group of former employees of Allied Steel and Wire, a number of whom are my constituents. I want to begin by acknowledging the relentless work of Mr John Benson of the Pensions Action Group, and by thanking the chief executive officer of Saga, Ros Altmann, who has been a consistent supporter of the former workers, who have been stripped of their pensions through no fault of their own.

I would also like to thank my parliamentary colleagues, my hon. Friends the Members for Beckenham (Bob Stewart), for Sittingbourne and Sheppey (Gordon Henderson), who also has an ASW interest, for Vale of Glamorgan (Alun Cairns)—John Benson is one of his constituents—and for Montgomeryshire (Glyn Davies), as well as the right hon. Member for Dwyfor Meirionnydd (Mr Llwyd) and the hon. Members for Arfon (Hywel Williams) and for Cardiff West (Kevin Brennan), for attending the debate. We have discussed the issues with all of them over time. I should also like to mention the hon. Member for Cardiff Central (Jenny Willott), who is unable to attend the debate because of conflicting public duties, but who has been a consistent supporter of the workers.

Ever since the early part of the 20th century, Parliament has recognised the need to promote proper and adequate pension provision for those in their later years. We have seen the development of the state pension system and its refinement and adjustment in a variety of ways that still continue to this day. Overlaying that, Parliament has rightly encouraged people to make better provision for themselves through occupational or private pension routes. Again, we see that issue at the forefront of parliamentary debate. The Minister of State, Department for Work and Pensions, the hon. Member for Thornbury and Yate (Steve Webb), has responsibility for the latest Pensions Bill, which is currently in another place, and there has been legislation on pensions in this House on an almost annual basis in recent years.

On the 30th of this month, we anticipate a major public services strike because of Government plans to adjust the future pensions benefits of public sector workers. The merits of those arguments are matters for another debate, but what is undeniable is that the Minister and his colleagues in Government have been at pains to stress that, irrespective of the outcome of the negotiations, the current accrued pensions rights of all public sector workers will be honoured. The then Government made a similar pledge to Northern Rock workers when the bank was taken into public ownership in 2007, and matched that promise in respect of each of the other banks that have found themselves in the public sector.

The reason why such pledges are important is that the success of pension saving depends on the maintenance of trust—trust that, if someone makes regular contributions, they will in due course receive nothing less than the sum that has been promised to them. That trust was significantly shaken 20 years ago by revelations that Robert Maxwell had stolen £460 million from the pensions of Mirror Group Newspapers workers, which led to the establishment of the Occupational Pensions Regulatory Authority in 1995. From that time onwards, workers in company pension schemes had every reason to believe that their pensions would be safe. As Ros Altmann put it in a letter to the *Financial Times* some years ago:

"Members were told that their accrued pension rights were protected in law and that actuaries would calculate contributions, in line with the minimum funding requirement, to ensure adequate funding to pay the promised pensions."

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): I congratulate the hon. Gentleman on securing this debate. He is making a powerful case. I support everything that he is doing and agree with all Members present that justice has to be done for this group of pensioners. I would also like to mention that the hon. Member for Newport West (Paul Flynn) is also present.

Jonathan Evans: I apologise for failing to mention the hon. Member for Newport West (Paul Flynn). He regularly attends all such debates. I had presumed that he was present for the previous debate on Colombia, without realising that he also wished to contribute to this one. I am happy to put the record straight on that and to give credit to the right hon. Member for Dwyfor Meirionnydd and his colleague, the hon. Member for Arfon, for their support for the ASW workers.

Glyn Davies (Montgomeryshire) (Con): Following on from the intervention of the right hon. Member for Dwyfor Meirionnydd (Mr Llwyd), many years ago, I met groups of people from ASW outside the National Assembly for Wales when they were explaining their case to Assembly Members. If we are going to have a successful pensions industry to which people are willing to contribute, we cannot let these things drift on for decades. This is not the only case, and I congratulate my hon. Friend on highlighting the issue.

Jonathan Evans: I am grateful to my hon. Friend for that point and shall now endeavour to make some progress.

Ros Altmann's letter continued:

"Literature from the government, the Financial Services Authority, the Occupational Pensions Regulatory Authority and everyone else contrasted the safety of final salary schemes with money purchase arrangements, where members' pensions were not guaranteed",

as we see from what happens on the stock market almost daily. That was the guarantee that ASW workers believed they had right up until July 2002, when the company went into liquidation. It was then that John Benson and his colleagues discovered that, despite years of parliamentary inquiry, debate and legislation on pensions, they were no better off than the MGN staff, whose pensions had been stolen. As Ros Altmann put it at the time:

"Simply to say it is a tragedy that thousands of people have had their pension expectations reduced is an insult to those who have suffered in this way. This is not an example of life's unfairness; this is more like fraud. Other victims of mis-selling receive compensation. Having contributed their money loyally for 30 or 40 years, with the promise of a secure pension and no risk warning from anyone, many now find not that they will get a reduced pension but that they will get no pension at all."

She went on to say that

"they would in fact have been better off throwing their contributions away, than putting them into their employer's schemes. Is it any wonder that people are frightened of pensions and have lost confidence?"

The ASW scandal provoked a major campaign, which, as my hon. Friend has mentioned, began during his time at the Welsh Assembly. There was a call for action in this House and the workers were invited to No. 10 Downing street for tea and sympathy with Tony Blair, but more practical help was demanded by others in the House. I pay credit to the hon. Member for Cardiff West in that regard—he was certainly active on behalf of the pensioners—and to my good friend, the former Member for Eastbourne, Nigel Waterson, who played a leading role in supporting the workers and in highlighting the injustice of the situation. The Minister himself was also active and supportive in that debate. The campaign led to the establishment of the financial assistance scheme under the Pensions Act 2004.

At the time that the scheme was put in place, many believed that the outcome would guarantee 90% of expected pensions benefits for affected workers. I have read the parliamentary debates in which many members of the then Government expressed the joy with which workers would greet the news that 90% of their entitlements were safeguarded. Unfortunately, they were sold a line that was both simplistic and inaccurate.

Although schemes such as that for ASW provided up to 5% inflation proofing, the legislation cut it to 2.5%, less than half of the current level of inflation. Over time, that still further erodes the pension value and is further cut by the switch from RPI to CPI, which the Minister has also applied to the financial assistance scheme.

In parliamentary questions on 29 June 2009, one Member rightly exposed that deceit, although he was too courteous to suggest that the deception was in any way deliberate. He said:

"Does she"—

the then Secretary of State—

"accept that this 90 per cent. figure that she uses is highly misleading...because it is not just capped...there are big issues about the inflation protection? Does she accept that many pensioners will get much less than 90 per cent., and that over the years they will see annual falls in their real pensions? Will she look at those cases again?"—[*Official Report*, 29 June 2009; Vol. 495, c. 6.]

Of course, the hon. Member who was able to identify all those shortcomings is now the Minister himself. Let me make it clear that I am a strong admirer of the Minister. I believe that he is personally motivated to do all he can to help these cheated pensioners. I know that since the election he has met, on more than one occasion, with the ASW pensioners to examine any ways their plight can be alleviated. We are all aware of the difficult financial circumstances that the Government face. Nevertheless, Mr Benson and my constituents have pointed out to me that, in the run-up to the general election, both coalition parties heavily criticised the previous Labour Government for the shortcomings of this scheme. It was, therefore, a reasonable inference for them to draw that some action might be taken to address these failings if we were successful in the election.

Lilian Greenwood (Nottingham South) (Lab): The hon. Gentleman is making a very powerful point. Does he agree that these people feel so very angry because their limited indexation is now affected by the change from RPI to CPI, which will see them losing hundreds and thousands of pounds?

Jonathan Evans: I highlighted the point in relation to RPI and CPI. I am endeavouring not to engage in a partisan debate, with the criticisms that I have made of my own side. However, I am bound to say that the fixed 2.5% inflation cap will have a much more marked effect than the CPI-RPI issue, even though I had mentioned it myself.

My constituents highlight the 100% pension protection that has been offered to the workers in the bailed-out banks. They point to the guarantee on accrued pension rights that are to be given to all public sector workers—rightly so—and the recent decision to extend those rights further, so that all workers who are retiring from the public sector in the next decade will see no change whatever in their future entitlements. They argue that, far from their situation improving, their pensions have actually worsened since 2010. Government—I use that generically, because I think it was prior to 2010—have lost their case on maladministration in the Court of Appeal, yet the recommendations made by the parliamentary ombudsman have not been honoured.

Having set out those criticisms, let me say that there are areas in which this situation could be improved. The Government should increase the inflation-linking cap. As I have indicated, the current 2.5% cap will seriously erode the pensions of affected people within just a few years, and that reduction is accentuated year-on-year moving forward. I know that the Minister understands that. As I have pointed out, he was the one who highlighted it two years ago. The Government should consider scheme-specific capping. The ASW scheme promised workers much greater inflation protection. Not only have we seen a reduction, but we have seen a reduction that, in contrast to the scheme that they had, is much less generous. The former Government removed the right of trustees to use deemed buyback after a number of schemes had taken that up. Permitting deemed buyback would assist FAS scheme members in future. The Minister could consider establishing a hardship fund for those worst affected.

The Minister has been examining the potential unwinding of annuity purchase. Annuity purchases have taken place with two major annuity providers, and I am aware that he met ASW workers as recently as 1 November to discuss the issue. Will he confirm the outcome of those discussions, with whom the discussions have taken place and whether any progress has been made?

Reduced early retirement pensions should also be permitted. There are a range of pensioners, including my own constituents, who are currently unemployed and cannot find work, yet cannot access their pension. Changing the rules would have no cost implications, because there would be an actuarial adjustment. I have a constituent who is in poor health. He could be considered for early retirement only if his doctor is prepared to say that he will die within five years. Those requirements seem excessive and wrong. Allowing early retirement, subject to actuarial revaluation, would seem fair.

Earlier today, I received an e-mail from one of my constituents, Mr Iain Kenworthy-Neale of Thornhill in Cardiff, entitled, "Fair Pensions for All". I warn colleagues that they will all receive a similar e-mail shortly. He expresses support for the national strike on 30 November for fair pensions for all. He says that he is not impressed with the Government guaranteeing accrued pensions rights. He is not impressed with the Government maintaining current public sector provision for the next decade. He wants no change whatever in relation to public sector pensions, and he wants the Government to scrap their plans. However, Mr Kenworthy-Neale does not limit his views to public sector pensions. He also calls for all state pensions to be increased by £70 a week forthwith, and for every private sector employer to be compelled to pay pensions to their workers. He has asked for me to draw his demands to the attention of the Minister, and I am happy to do so.

In contrast, the demands of John Benson, the Pensions Action Group and all the former ASW workers at Cardiff and Sheerness are much more modest. They are merely looking for their pension promise, as underwritten by Government and regulators, to be met. I was pleased to stand with them at their protest at my party's conference in Manchester in October. They are people of real dignity who have been badly let down by successive Governments. I hope that the Minister will be able to offer them today some light at the end of what seems a very dark tunnel.

12.46 pm

The Minister of State, Department for Work and Pensions (Steve Webb): I congratulate my hon. Friend the Member for Cardiff North (Jonathan Evans) on securing the debate and welcome the fact that a number of hon. Members have come to the Chamber to register their support for their constituents who have been affected in the way that he describes. He is right to pay tribute to those who have campaigned on the issue for a long time; I recall many such debates in previous Parliaments. The hon. Member for Cardiff West (Kevin Brennan) was certainly one of the principal campaigners on the issue, on behalf of his constituents. Indeed, Derek Wyatt, predecessor of my hon. Friend the Member for Sittingbourne and Sheppey (Gordon Henderson), campaigned on the issue during his time as a Member of the House, particularly with respect to the link with ASW Sheerness.

As my hon. Friend the Member for Cardiff North rightly said, my involvement goes back a long way. I recall going with Mr Andrew Parr, from ASW Sheerness, and Dr Ros Altmann, to whom my hon. Friend was absolutely right to pay tribute for her role in all this, to see the parliamentary ombudsman way back when. We sat down with the ombudsman and went through all the literature that people were provided with at the time, as well as the concerns about the way successive Governments had said, "No questions asked, company pensions are a good deal." Essentially, they had said, "Go for it." As my hon. Friend rightly says, some people lost out very badly. That is, in a sense, how the financial assistance scheme came about.

It is worth reflecting on the sequence of events and the creation of the Pension Protection Fund, and how the financial assistance scheme fits into that universe. The existence of the PPF is germane to my response to

my hon. Friend. Rightly, people sometimes ask about what previous pensions Ministers got wrong. One thing that previous pensions Ministers got right was the creation of the PPF. Going forward, people in defined benefit pensions can know that the scheme is paying a levy, that there is a sort of collective insurance and that, essentially, those who see their company become insolvent can expect to receive 100% as pensioners, and 90% as active or deferred members of the scheme.

We can all take some reassurance from the fact that for the sort of scandals my hon. Friend describes—where Governments have encouraged people to save through workplace pensions and then they find that there is an insolvency event and they have lost not only their job, but their pension—there is now pretty good protection in place, although it is not total protection. Insurance schemes tend not to be total, but they are very significant.

One criterion for what we may or may not do with the financial assistance scheme is that I believe it would be wrong to take its principles beyond what the PPF provides. The PPF is a levy-based insurance scheme. It would seem to me to be wrong to say to people whose employers are paying an insurance premium that they will get less insurance cover than those who did not. It is not their fault that they did not, but it would seem to me that that is a logical and coherent position. If we create an insurance scheme and people pay for it, that is what we think is fair provision. Therefore, the financial assistance scheme should not be more generous than the PPF. That, therefore, is part of my initial response to my hon. Friend's first point about the 2.5% inflation cap. I take his point that we live in times of high inflation, with the consumer prices index at 5.2%, or 5% as the most recent figure. However, if we were to lift the cap on the financial assistance scheme indexation, by corollary we would have to do so on the PPF indexation. If we did not, that would be odd, and we would probably be in court by the end of the day, I suspect. The PPF indexation is funded by the levy payers, so there could be a significant additional cost from removing that cap, which would have to be met by the firms in British industry today that are continuing to run quality pension schemes, or that continue to have liabilities under them. A challenge that we face is the balance between wanting good-quality pension protection and good-quality pension provision. Every time we put a new burden on those who provide final-salary and salary-related pensions, the danger is that another will say, "Forget this, that is just another cost and we will close it." That is one of the trade-offs.

My hon. Friend mentioned the indexation provisions specific to the ASW scheme, which were relatively generous compared with some, but, to give a feel for the scale of what we might be talking about, if we were to provide indexation along the lines of the schemes that people were in previously, rather than at a general level, it is estimated that we would add about 30% to the cost. Just one of the things on his list would add significantly to the cost.

Kevin Brennan (Cardiff West) (Lab): I did not intend to intervene, but as the Minister rightly says, in the past he and I were allies at times in working on the issue. We all accept that the deal that eventually happened was not what we would have liked to see, nor was it as adequate as we would have liked—he accepted that at the time—but does he not feel some responsibility at least not to make matters worse, which is what he is doing?

Steve Webb: Let me come on to the CPI point, which is what I assume the hon. Gentleman is referring to. Clearly, the Government took a view in summer 2010 as to the measure of inflation that they would use to uprate benefits and tax credits. There is no perfect measure of inflation; clearly, each has its strengths and weaknesses. However, as a new Pensions Minister in 2010, I received angry letters from people asking why their state earnings-related pension scheme had been frozen. Obviously, "It wasn't me, guv", as it were, but their SERPS pension had been frozen because "inflation" in the year to September 2009, as measured by the retail prices index, was negative.

We had a bizarre situation. I have yet to meet a pensioner who felt that inflation was negative in the year to September 2009, but, because mortgage rates were falling dramatically, headline RPI inflation was negative and, therefore, people's pensions were frozen in 2010. CPI would have given them an increase then.

The further paradox was that, at a time of falling interest rates when savings returns were falling—low interest rates are, on the whole, bad news for pensioners, who tend to be savers rather than borrowers—we were using a negative or a low measure of inflation. That did not seem a good fit to us, particularly for pensioners, so the Government took the view that they would measure inflation using the CPI for benefits, tax credits, state earnings-related pensions, the underpin for occupational pensions and, thereby, via SERPS, public-sector pensions, and the PPF. Having decided that that was what inflation was across whole swathes of the what the Government do, it would be odd to have an island where we measured inflation differently.

I fully accept that that reduces the value of the financial assistance scheme pensions—I cannot dispute that—but that was not the purpose of the exercise, and the effect was well down the track from the decision on the CPI. It would, however, have been incoherent to have said that inflation was something different for the financial assistance scheme.

I have met Pensions Action Group campaigners on a number of occasions over many years, as my hon. Friend the Member for Cardiff North said, and I have great respect for what he described as their dignity and for their perseverance in campaigning, which has got the financial assistance scheme to where it is. The switch to using the CPI has reduced the cost of the financial assistance scheme in the longer term—it has had no impact in the first couple of years because we are above the cap on either measure of inflation—but other factors have led us to spend more on the financial assistance scheme than we were budgeting for. Rather than looking at a budget line that allows me some slack, I am having to explain why I am overspending relative to the budget that I inherited. The reason for that is that new schemes come into the financial assistance scheme, or we get data for schemes that we knew were coming in but for which we did not know the details, and we tend to find out that we have greater liabilities, in particular in the short term, than we had thought.

Working out what we will spend on the financial assistance scheme is not a precise science, although it is getting more so. However, it would be wrong to think

[Steve Webb]

that somehow the budget line has some slack in it and that we can decide what to spend it on. On the contrary, I am having to make the case in Government that we have made promises to the financial assistance scheme that we need to keep. Therefore, we have to find extra money compared with what we budgeted for.

Alun Cairns (Vale of Glamorgan) (Con): Will the Minister give way?

Steve Webb: If my hon. Friend will forgive me, I will not, out of respect for my hon. Friend the Member for Cardiff North, who secured the debate, but only because I want to respond to his comments.

To be clear, it is not the case, therefore, that some financial slack is available for the financial assistance scheme.

My hon. Friend also mentioned deemed buy-back, which is complex, so I will not say, "Here is one I prepared earlier." Essentially, deemed buy-back is treating the scheme as if it had not contracted out of SERPS. On the face of it, we would assume that that is better, but it turns out that the situation is rather more complicated than that. At the moment, people in the financial assistance scheme have a level of certainty: they know what the rules are and they know what 90% is and is not. I entirely accept my own point from a few years ago that we have to be careful when we say, "It's 90%," because clearly the matter is much more sophisticated than that and there are limits, as he rightly said. However, those people have the certainty of knowing what the scheme rules are. Under deemed buy-back, they would not have that certainty while some people would get more than 100% of their scheme pension and some people less.

Jonathan Evans: Would there not be a responsibility on the trustees to form a view as to whether they wished to action that? My hon. Friend the Minister is indicating that some circumstances could be advantageous and others not, but that would be a judgment made in each case. Currently, no one can exercise such judgment.

Steve Webb: The answer might be different for each individual rather than for each scheme. How would a trustee judge? If the trustees chose deemed buy-back for the scheme and we agreed with that, might they put some members in a worse position and others in a better? How would a trustee balance the different interests of the different members? This is complex.

The other thing about deemed buy-back is that under the financial assistance scheme there is some flexibility as to when the payments are made. My hon. Friend the Member for Cardiff North thinks that the ill-health provision is too rigid, but there is no ill-health early access to SERPS, so, again, the current system has a measure of flexibility that deemed buy-back would not have. Deemed buy-back, therefore, is complex and technical, and not a silver bullet. We have looked at it—in fact, we have looked at just about everything imaginable to try to find ways to provide better value to those individuals.

My hon. Friend mentioned annuities. All the way through, Dr Ros Altmann has argued that one reason that we did not get good value in the first place was that many of the schemes were annuitising, and if we had got in there quicker, we could have done better. That is absolutely right and why the so-called FAS 2 schemes, in which the Government have taken over the assets, have enabled us to improve to a baseline of 90% compared with what was previously on offer.

To try to take that further, I had a personal meeting with the chief executive of Legal & General—no reason why I should not mention it—which is far and away the company with the most of those books still going. He was content to transfer the schemes across to us on the basis of the book value in his annual accounts. His comment was, "I don't want to profit from this, but I can't show a loss, so it goes across at the book value." I am not sure we have said this before, but Andy Young, who was involved in the Government Actuary's Department and has been instrumental in all this, helped us considerably, of his own free will, to analyse all the facts and figures and so on. We have had discussions with the Government Actuary and with the Treasury. The short answer is that the book value of those contracts has already got the profit in it. Therefore, we take across something from which the profit has already been made, and the view of the Treasury, which I understand, is that there simply was not the confidence that we would get extra value—that the Government doing this would provide added value. In fact, there was a risk that we would be net losers.

I was keen to pursue that avenue and I hoped that it would provide a way for us to squeeze some extra money into the financial assistance scheme, but, unfortunately, it has proved fruitless. I am disappointed about that, which I told the Pensions Action Group members when I met them a few weeks ago. I was keen not to string them along. The very least that they are owed is a firm statement of the Government's position. It was suggested that we might have a review, perhaps when the Government have more money, but I was keen not to create a false hope or an expectation, because those group members have been through so many stages. However, considering the state of the public finances, it would have been dishonest and dishonourable of me to suggest that we might find a little pot of money to address their concern.

As I hope is apparent from all that I have said today and through the months that I have dealt with the group, I have huge sympathy for the situation in which they find themselves, but I do not believe that I can offer any realistic prospect of improvements beyond the current financial assistance scheme.

Incapacity Benefit (North-East)

12.59 pm

Grahame M. Morris (Easington) (Lab): It is a pleasure, Mrs Brooke, to serve under your chairmanship for the first time. There has been tremendous interest in the economic effects in the north-east of changes to incapacity benefit. I was hoping for a much longer debate—a number of right hon. and hon. Members have indicated that they would be interested in participating in such a debate—but I will try to be brief.

I am pleased to have secured this debate, which gives me the opportunity to raise some important issues that affect communities throughout the north-east of England. As the title suggests, I want to focus on the economic effects of one specific coalition policy: the impact of welfare reform and changes to incapacity benefit. I shall refer specifically to a recent research report by Sheffield Hallam university on "Incapacity Benefit Reform: the local, regional and national impact", and a report from the Institute for Public Policy Research North, the "Northern Economic Summary: October 2011". I commend the latter report, which is the first of its kind, but IPPR North will produce it quarterly. It will be a useful way of tracking the impact of the Government's policies on the north-eastern economy.

Before going into my main argument, I want to set the scene and to provide some context for the debate. The IPPR North report indicates that unemployment in the north-east is accelerating and is being driven by a weak northern economy being pushed into recession by public sector spending cuts, which are threatening to increase the north-south divide. The north-east, with Yorkshire and the Humber region, has faced the worst increases in unemployment in the UK. The figure for the north-east now exceeds 11%. Gross domestic product nationally suggests that the UK economy is avoiding a strictly defined technical recession at the moment, but it can be best described as flat-lining. Labour has a five-point plan to stimulate jobs and growth, but I do not want to go into that because of shortage of time. Perhaps it is a subject for another debate.

The situation for workers and those seeking work in the north-east is much bleaker than in many other regions. The northern economy could already be contracting, as the index of production figures produced by the Office for National Statistics show UK manufacturing contracting by 0.6% in the three months from June to August. Contraction in manufacturing affects the north-east disproportionately. It affects the economy in the whole of the north, but particularly the north-east because, despite the need to rebalance the economy—I am a great supporter of manufacturing—the north-east has a relatively high proportion of employees in manufacturing.

The latest job figures show that the north has lost a large proportion of public sector jobs in the last year. The figures produced by the northern TUC show that we are losing them at a rate of 2,000 a month, with almost no increase in the number of private sector jobs. In the north-east, the number of private sector jobs is declining. It has lost more than 32,000 public sector jobs, but more than 8,000 public sector jobs have been created in London, and 24,000 in the south-east. That is clear evidence of the Government's failing regional policy.

I want to concentrate on the impact of the Government's welfare reform policies on the economic situation in the north-east. Sheffield Hallam university's report, "*Incapacity Benefit Reform: the local, regional and national impact*", shows that 60,000 people in the north-east face being moved off incapacity benefits, 35,000 of whom will be pushed out of the benefits system altogether due to the time limits. More than 20,000 will be added to the unemployment figures.

My constituency has the highest rate of working-age adults claiming incapacity benefits in England and will be one of the most affected. In my constituency alone, 4,200 people will be moved off incapacity benefit, of whom 2,000 will lose their benefits altogether. That will have a huge adverse impact on those individuals and households, but I want to focus on what it means for the north-east economy as a whole.

If 35,000 people are taken off incapacity benefit altogether, as the pilot study indicates, that will effectively remove more than £170 million every year from the north-east's economy.

James Wharton (Stockton South) (Con): Will the hon. Gentleman give way?

Grahame M. Morris: I would like to make a little more progress, but I will give way when I have made my point.

That money would be in the hands of the poorest in society and would be spent in local communities, neighbourhood shops and local businesses. The clear economic argument is that unemployment would increase if benefits were cut in the region, owing to a reverse multiplier effect of credit withdrawal, because less money would be spent in the local economy. It is staggering that as the north-east seems to be heading into a regional recession, the Government are set to take another £170 million from our regional economy every year. It is even more staggering that, as employment is falling in the private sector owing to the Government's lack of a credible policy for jobs and growth, they are simultaneously moving 60,000 people off incapacity benefit and adding more than 20,000 to the unemployment count.

The legacy of incapacity benefit is felt most in older industrial areas. The number of people claiming incapacity benefit is not evenly spread. The communities that I represent are mainly former coal-mining areas where long-term ill health is a consequence of years spent working in damp, cramped and physically arduous conditions underground. A recent review of coalfield areas by the former Member for the then constituency of Barnsley West and Penistone, Mick Clapham, reported two significant problems. He identified that incapacity benefit claims are not confined to the older generation, whose ill health was caused by working conditions. Ill health in the younger generation is due mainly to poor employment opportunities and the low expectations resulting from their marginalisation in the active labour market and has given rise to a lost generation.

James Wharton: I congratulate the hon. Gentleman on securing this debate. The topic is extremely important to him and to many of his constituents. I am a little concerned that he seems to believe that being on incapacity benefit when able to work is an acceptable end in itself. Does he agree in principle that those who are able to

[James Wharton]

work should be encouraged to do so and should be taken off incapacity benefit and helped back into work? Does he also agree that, although incapacity benefit must be available for those who need it, the Government have a duty to review the system and to address some of the problems that have arisen as the system became out of control in recent years?

Grahame M. Morris: I will come to that. My fundamental point in response to the hon. Gentleman is that the big issue for us is not just worklessness; it is joblessness. We want the Government to invest in creating jobs in the private sector and generally to get the local economy moving. There seems to be little point in inflicting penury and misery on large sections of already impoverished communities when there are no jobs for them to go into. The two should go hand in glove, and I have some suggestions for achieving that.

Mr David Anderson (Blaydon) (Lab): I agree with my colleague. The figure of 32,000 that the report spoke about was released about a month ago. That figure has not been challenged by the Government. We have 32,000 job losses across the public sector in the north-east. If my hon. Friend is correct, another 35,000 will be taken off incapacity benefit, which will put up the unemployment figures. There will be a 70,000 increase in those two groups alone. There is also the failure of the private sector to move into the void. Does that not make the jobs situation even more serious than it already is?

Grahame M. Morris: I am grateful for that intervention, which reinforces the point that I was trying to make. It is absolutely essential that we tackle joblessness; the Government have a responsibility to do that. I am concerned about the complete failure of regional policy; I am not convinced that we have an effective regional policy. We lost our regional development agency, One North East, and our regional Minister. It cost nothing to have an advocate at the top table of government, arguing the case for business, as well as for the regeneration of the whole region. It seems perverse that the coalition should abandon that, particularly when the region is doing so badly.

Ian Swales (Redcar) (LD): I congratulate the hon. Gentleman on securing a debate that is very important for the region. Does he agree that the current process of checking who should claim incapacity benefit follows a system—work capability assessment—introduced by the previous Government? Does he further agree that that system is flawed and broken? Will he congratulate this Government on trying to do something about it?

Grahame M. Morris: I certainly would not like to do any of those things. However, there are some positive things that the Government could do to address a dire and worsening situation that many people are not aware is going to hit them in the next 12 or 24 months. There are things that the Government could and should do. Sheffield Hallam's recommendations were clear:

"government should resist penalising the older generation, who, not unexpectedly, are suffering from ill-health."

Instead, efforts should be concentrated on

"creating opportunities for work"

for this younger generation, this lost generation, which could prevent the problem that we have experienced with young people

"falling into a cycle of "

dependency and

"economic inactivity".

That often relates to mental health issues, a lack of self-esteem and a lack of aspiration, which eventually leads to

"disability and incapacity."

We should have an early intervention to tackle this huge problem. There are lessons for Government to apply not only in the north-east, but for other former industrial areas. This is a big issue in the north-west, in parts of Scotland, in Merseyside and in the former mining communities of Wales. Claimants of incapacity benefit are usually concentrated in the same disadvantaged communities that have weak local economies with little chance of finding work. The Government must recognise that.

The authors of the Sheffield Hallam report, Christina Beatty and Steve Fothergill, are also damning of the reforms, saying that there is little reason to suppose that changes will lead to significant increases in employment. Without creating the jobs first, it seems like a double punishment on the thousands of people who will be adversely affected: 35,000 in our region and more than 4,000 in my constituency.

I want to give the Minister an opportunity to respond, but first I want to say a few words about the Government's workfare programme, which seems like cynical exploitation by a Government that have already put thousands of people out of work. I want to place on the record my opposition to an extension of workfare. Where will the jobs for the long-term unemployed come from? If such jobs exist, why are they not being offered as real jobs with real wages, as opposed to benefits that carry the threat of withdrawal of benefit if individuals are unable or unwilling to take up offers?

The effects of such changes will not hurt the affluent south, but will be a body blow to the poorest areas, particularly in the north-east. At the same time as the Government are retrenching on any support for jobs and growth in the north-east, they are quick to pull the rug from underneath the sick, disabled and worst-off in society. I want to focus on the loss that that represents to the north-east regional economy and what the Government could do to limit the damaging effects.

I want to pose some specific questions, and I look forward to the Minister's response. Can the Minister confirm that the north-east has seen a decline in private sector employment over the last year? Does he have an estimate of what the financial loss will be to the north-east economy owing to changes in incapacity benefit? Can he confirm the figure of £170 million? Will he consider how money lost to the north-east could be ring-fenced and reinvested in the region to support job creation?

I will give the Minister a few helpful suggestions from the IPPR:

"The government should offer a guaranteed job, paid at the minimum wage or above to anyone who has been unemployed and claiming JSA for more than 12 consecutive months. The guarantee should be matched by an obligation"

because there are rights and responsibilities. If the Government give somebody a right to a guaranteed job, the individual should be obliged to take up the offer of employment

"or to find an alternative that does not involve claiming JSA."

Will the Minister look at this proposal and whether it could be targeted as a jobs guarantee for the north-east? A jobs guarantee could be implemented in areas of the north-east where long-term unemployment meets a certain critical level or where the job density ratio falls below an agreed threshold.

The IPPR believes that these recommendations could be afforded if the proposed reduction in corporation tax was abandoned. All the evidence suggests that the reduction in corporation tax is unlikely to increase employment and it significantly benefits large finance companies, particularly banks, and companies employing fewer staff. If the Government are serious about getting people back to work—I will conclude on this point, so that the Minister has a chance to respond—they should commit to supporting our regional economy and reinvesting any money saved from changes to incapacity benefit back into the north-east directly, to support jobs and create growth.

1.18 pm

The Minister of State, Department for Work and Pensions (Steve Webb): I congratulate the hon. Member for Easington (Grahame M. Morris) on securing an important debate. It is good to see other hon. Members from his region present for the debate today. I will speak primarily about incapacity benefit and the changes made by the Government—indeed, primarily by the previous Government. It is worth spending at least a moment on the context. Every night on the television news, we see stories of what happens in countries that did not get their deficits under control. We see fiascos, shambles, rioting in the streets and Governments being overturned.

It strikes me that two political parties working together in the national interest after the 2010 general election has meant that Britain is not seeing the extraordinary bond rates that Italy or Spain have faced. We are able to borrow at modest rates because of the fiscal credibility that we have. In the context of the north-east, low interest rates are one of the critical things in giving householders money to spend. If someone has a mortgage and the bank base rate is 0.5%, that gives them money in their pocket to spend in the regional economy.

Grahame M. Morris: Will the Minister give way?

Steve Webb: I will give way in a second. There are direct consequences of the difficult choices that we have made on the deficit that are specifically to the benefit of local economies such as the hon. Gentleman's. I will give way to him, but he has not left me long to respond. If he wants to add additional points, I will have even less time.

Grahame M. Morris: I am grateful to the Minister, but it is important to challenge the point that is raised again and again that everything has to be sacrificed on the altar of deficit reduction. Is it not true that the Government's plan is hurting but not working, and that the deficit is growing because there is no growth in the economy? The last figures I saw showed that we are borrowing an additional £46 billion.

Steve Webb: The hon. Gentleman mixes the structural deficit with the cyclical deficit. We have said that we will eliminate the country's structural deficit. Although when the economy grows faster we get additional revenues and save money on benefit spending, we also have to tackle the structural deficit—something the previous Government failed to do. He referred to a five-point plan that simply adds more debt, and it is hard to see how the solution to a problem caused by excessive borrowing is more borrowing.

The hon. Gentleman referred to incapacity benefit, and his constituency has the highest concentration of people of working age on incapacity benefit in England. I have seen the Sheffield Hallam report to which he refers. It lists four changes that have been made, three of which—although he did not want to admit it—were introduced by the previous Government. My hon. Friend the Member for Redcar (Ian Swales) made that point. The replacement of the personal capability assessment by the work capability assessment was introduced by the previous Government; I am not sure whether the hon. Member for Easington supports that, or indeed the process of re-testing the stock of people on incapacity benefit, or the requirement to undertake work-related activities—all measures initiated by the previous Government. Those are three of the four measures in the Sheffield Hallam report, and it seems that each was a move in the right direction.

My hon. Friend the Member for Redcar was right to say that the system of work capability assessment that we inherited was broken, and a work capability assessment that focuses on whether people can work or not is a positive measure. We have proceeded with the Harrington review, and Professor Harrington's second report will be published imminently. Significant changes have been made to the WCA process. For example, we will ensure that we garner more medical information initially rather than wait for it to emerge on appeal, and we will allow Department for Work and Pensions decision makers to more readily override the Atos assessment. A lot of positive changes to the WCA process have been recognised by those who campaign on such issues, and we have refined and improved the process to the benefit of the hon. Gentleman's constituents, and others.

My hon. Friend the Member for Stockton South (James Wharton) asked the key question: what does the hon. Member for Easington want for his constituents who are on incapacity benefit? Even when private sector jobs are created, they do not go to those on incapacity benefit. There is a gap: folk on IB are stuck on IB and nothing gets them off it. We need to bridge that gap, which is where the reassessment process and, crucially, the Work programme come in, involving serious money that gets spent only when real jobs are created.

Let me give the hon. Gentleman a feel of how seriously the Government approach this issue. He referred to the ring-fencing of money, but suppose one of his constituents is on incapacity benefit but expected to be ready for work in about three months under the employment and support allowance process. If they find a job through the Work programme and that job is sustained, we will pay about £13,700 to the provider—double the £6,500

[Steve Webb]

that we pay when someone comes off jobseeker's allowance. That is a serious amount of public money going into the hon. Gentleman's constituency, although only if those people about whom he is rightly worried get lasting jobs. The money does not get paid—via a small up-front fee—if the folk do not get a job. In many previous Government programmes and new deals, people got sent on schemes and the providers were paid whether those schemes were useless or not. Under this scheme, the providers will be paid only if they get people into lasting jobs. That will benefit the local area and is an entirely positive measure.

Time limiting of ESA was an important part of the deficit reduction strategy, and the hon. Gentleman referred to people being left "in penury." It is, therefore, important to put on record two key features of that time limiting, which are that the sickest and poorest people will not be affected. The sickest people will be in the support group, which is not time limited, and they will continue to receive contributory ESA.

Grahame M. Morris: Will the Minister give way?

Steve Webb: Perhaps the hon. Gentleman will bear with me; I have six minutes left to respond to everything that he said. The people in the support group are not on time-limited ESA, and if they are regarded as inappropriate for work-related activity, they will continue to receive benefits indefinitely. The second category of people who are not affected by the time limiting are those on income-related ESA—in other words, even if someone else in the household has an income or substantial capital, they will not be affected. That means that 60% of those coming to the end of a period of time-limited contributory ESA will move to the income-related version. Those in the support group are not on time-limited ESA, and nor are those who move on to the income-related version. People not in those groups will be those who have other household income or substantial amounts of capital in the bank.

People may ask about the impact of such measures on the local economy, but we must also look at the impact of thousands of people who are stuck on incapacity benefit for years with nobody talking to them. Sometimes, people are stuck on IB for three, four or five years, with no contact at all. Nobody asks them, "What would it take? What are the barriers to work? What would help and support you?", which shows the difference in approach taken by the new Government. We are not writing people off and leaving them on IB; we want to talk to them, identify those who could be active participants in the labour market with the right support, and have a Work programme that supports them into a job.

The hon. Gentleman mentioned regional policy, but my personal view is that having a regional Minister would feel a little tokenistic. We can have a Minister for this or for that, but will they be in the room when key decisions are made in the way that departmental Ministers will be? I am sceptical that a Minister for one region would get special treatment compared with a Minister for another region. We do, however, have a substantial regional growth fund that is worth £1.4 billion and has been popular and successful. We have now had two rounds of bidding—I could go through a long list of projects in the north-east that have been awarded funding. We recognise that additional support needs to be provided to areas that have experienced difficult economic times, and the regional growth fund is an important part of our response to that.

Many of the changes to incapacity benefit were rightly introduced by the previous Government, whether that is the work capability assessment, which, as my hon. Friend the Member for Redcar said, needed to be refined to ensure that we get decisions right, or the attempt to take an incredible number of people—1.5 million nationwide—off incapacity benefit. As the hon. Member for Easington noted, some of those people will be former miners who have claimed IB for a decade or more. Is it humane or economically rational to say, "Well, you've been on IB for a decade, you are seven years away from the state pension age so we will leave you alone, you can have IB until pension age, and then you will get a pretty lousy pension because your miner's pension will have stopped years ago"? That is not good enough.

The hon. Gentleman asks why we cannot wait until there are more jobs, but even if we waited for a big increase in private sector jobs, those on IB would not be active participants in that labour market. Ex-miners who have received IB for seven years are far from that labour market and not competing in it. When jobs are available, who will the employer choose between someone who has received no contact with the system, and no encouragement, work-related activity or training, and someone who has just come from another job? Both I and the hon. Gentleman know who that employer will choose, and it will not be his constituent on IB. We must talk to people on IB and look at who could work with the right support and who needs to be in the support group. We must enable and support those who are able to work for when jobs become available. I accept that there is currently pressure on jobs, but there is churn every day and week as people leave old jobs and start new ones. When recruiting someone new, perhaps not net additional employment but as a replacement for someone who has left, the crucial question will be whether the person on IB is a credible participant in that labour market. We believe that our policies support the north-east by helping those on IB, supporting them and paying by results when people get lasting jobs. That is the long-term answer to the pressures faced by the hon. Gentleman's constituents.

Music and the Economy

1.29 pm

Nigel Adams (Selby and Ainsty) (Con): I thank my hon. Friend the Minister and the many other hon. Members present for attending this very important debate. Unfortunately, we have only half an hour, so I shall have to crack on. I want to talk about the UK music industry and its importance to the British economy. The music industry mainly comprises small and medium-sized enterprises, micro-businesses and creative individuals; 92% of music businesses employ fewer than 10 people. In terms of the economy, it is invaluable. I want to focus on the positives that are coming out of the UK music industry, rather than the headline-grabbing negatives that we regularly hear about.

The UK music industry is a £3.9 billion business, employing more than 130,000 people. Additionally, UK artists are responsible for 12% of global album sales. That is a phenomenal figure. The music industry as a sector continues to outperform the rest of the economy, with the UK continuing to be one of only three countries that export more music than they import. The UK is the largest producer of recorded music in Europe and the second largest in the world. In 2007, 2008 and 2009, the top-selling global artist album was by a British act—Amy Winehouse, Coldplay and Susan Boyle respectively. In March this year, UK artists occupied the top three spots in the US album chart for the first time in 25 years. Again, that is a fantastic achievement for our industry.

As a country, we are also centre stage for live music, playing host to some of the world's greatest music festivals. Many of us will have been to those festivals, which include Glastonbury, the V festival, Reading and Leeds. Hon. Members will no doubt have heard of the Selby fake festival. That enormous event attracts thousands of people to watch some of the best cover bands. This country is also home to the most successful ticketed venue in the world—the O2 arena in London. It is therefore vital that we make the most of the next big opportunity for music tourism—the 2012 Olympics.

John Robertson (Glasgow North West) (Lab): I congratulate the hon. Gentleman on securing this very important debate. One of the most important factors in ensuring that bands progress is live music in pubs and clubs, where they can develop. Does the hon. Gentleman agree that more must be done to ensure that we have more live music, not less?

Nigel Adams: The hon. Gentleman is right. Live music is incredibly important to pubs as venues, not just for the pub's business, but for the artist. It is incredibly important that young artists—people starting out—get an opportunity to play in pubs as venues. I shall talk about that later.

Kevin Brennan (Cardiff West) (Lab) *rose—*

Mr Don Foster (Bath) (LD) *rose—*

Louise Mensch (Corby) (Con) *rose—*

Nigel Adams: I give way first to my hon. Friend.

Louise Mensch: I am grateful to my hon. Friend for taking an early intervention. It is right that he concentrates on the great successes of the UK music industry, and I congratulate him on securing this very important debate. May I ask for his agreement on a couple of points? First, will he join me in paying tribute to Feargal Sharkey, who recently retired as the head of UK Music, and in welcoming Andy Heath of Beggars Banquet, one of our greatest independent labels, who is taking over that role? The debate seems an appropriate juncture at which to do that. Secondly, will my hon. Friend join me in expressing some fear about the success of the UK music industry being perhaps undermined, by the proposals in the Hargreaves report on format shifting? There is a great deal of support for format shifting for private use, but as the UK music industry moves into global leadership with cloud services, one would not wish—

Annette Brooke (in the Chair): Order. May I point out that interventions should be short and to the point?

Nigel Adams: I agree with my hon. Friend the Member for Corby (Louise Mensch). The Government broadly welcome the Hargreaves report—the Minister will no doubt talk about it—but in relation to cloud services, we must be mindful of anything that has an impact on growth. My hon. Friend is absolutely right about that. She also refers to the contribution that Feargal Sharkey has made, to UK Music in particular and to the industry as a whole. It is rare to switch the telly on and not hear one of his pieces of music being played in an advertisement. I certainly wish him well in whatever he does next as a venture. He has done a sterling job with UK Music in the past three and a half years. However, we can all agree that, with Andy Heath involved, UK Music is in very good hands.

Mr Ben Bradshaw (Exeter) (Lab): Does the hon. Gentleman agree that one of the great achievements of UK Music under Feargal's stewardship has been bringing diverse voices together in one organisation that has the ear of Government, Opposition parties and the public? That is a model that I suggest the rest of the creative industries could follow, because they have not always spoken with one voice as effectively as, for example, the CBI and other business organisations, although they are just as important.

Nigel Adams: Yes. The right hon. Gentleman is right about having someone such as Feargal Sharkey involved. He is a unique character because he brings experience of having done the job previously and he has enormous respect not only in the industry, but in both Houses and across—

Mr Foster *rose—*

Nigel Adams: I will give way again, but I will have to move on at some stage.

Mr Foster: I apologise; I know that the hon. Gentleman wants to make progress. May I add my own tribute to Feargal Sharkey? He has done an enormous service to music in this country. On the issue of live music, does the hon. Gentleman share my view that when on Friday I seek to steer my noble Friend Lord Clement-Jones's

[Mr Foster]

Live Music Bill through the House of Commons, it would be a disgrace if any member of any party tried to object, preventing the Bill from making progress?

Nigel Adams: I certainly share that view and would support the right hon. Gentleman in that move. It is very important that the Bill is not talked out. The Minister might refer to that as well. I need to move on now, because one or two other hon. Members want to make a contribution.

It is vital that we make the most of the Olympics. Obviously, that is a sporting event, but we need to make the most of the opportunity to ensure that Britain continues to be, in the words of Danny Boyle, the film director, "a beacon of music." UK Music's report, "Destination: Music", highlights the impact that festivals, which I have referred to, and other large-scale music events have on tourism, with such events contributing £864 million of gross value added to the national economy and the equivalent of 19,500 full-time jobs. Although the Olympics are not a music event, the opening ceremony offers us a huge opportunity to showcase our talent across the world.

In this difficult economic climate, it is refreshing to hear that businesses based on manufacturing the intangibles of intellectual property are the cornerstone of economic growth and, as things stand, one of the only parts of our economy that is growing. That is yet more evidence of how this diverse and uplifting industry can help our economy and must be allowed and, indeed, encouraged to do so.

Damian Collins (Folkestone and Hythe) (Con): I congratulate my hon. Friend on securing the debate. Does he agree that protecting intellectual property is very important for young and emerging acts as well? I am thinking particularly of young performers such as Zorzilla, Magnets and Daniel Addison in Folkestone in my constituency. They are writers and performers and need to know that their investment in their future is secure.

Nigel Adams: It is crucial that there is as much support as possible for those people, certainly when they are starting out. My hon. Friend is absolutely right.

I am pleased that the Conservative-led coalition has recognised the importance of the creative industries, specifically highlighting the industry in "The Plan for Growth." I welcome the plans to remove live music in venues with audiences under 5,000 from the Licensing Act 2003. That policy has been detrimental to the music industry for too long. The change will enable pubs, which we have referred to, to host live music without navigating the red tape and regulation currently in place. The change is supported by the British Beer and Pub Association on behalf of its members. It will encourage musicians to perform in pubs as their venue of choice for small-scale events.

The creation of the Creative Industries Council has been well received by the industry and by UK Music in particular, and plans to reduce digital copyright infringement and further develop the digital market are also steps in the right direction. However, more can and should be done. We need to ensure there is proper access to finance so that more artists can get their careers off the ground. As I mentioned earlier, this is very much an industry of small and medium-sized enterprises, so we need to ensure that musical SMEs can find the finance to invest in artists.

Gloria De Piero (Ashfield) (Lab): I, too, pay tribute to Feargal. On finance, has the hon. Gentleman, like me, heard about the problems with the enterprise finance guarantee scheme? Will he press the Government to address those issues?

Nigel Adams: The hon. Lady is absolutely right: the industry seems to be excluded from the enterprise finance guarantee scheme, and I hope the Minister will comment on that. However, I am looking forward to hearing the Chancellor's autumn statement; I hope there will be something in it for this important industry.

I should say at this stage that it is not all doom and gloom for the music industry. I was just on the phone to my son, who is in a teenage band that has been together for four years. I asked him how the band was going, and he told me it had secured a grant from the Keyfund scheme, which is run by North Yorkshire county council—a fine Conservative council. The band has managed to raise a few hundred pounds for a recording session, and it is about to secure some more money—in the thousands of pounds—to record a video, so there is money out there. However, the hon. Lady makes a good point.

Jonathan Lord (Woking) (Con): Will my hon. Friend give us the name of his son's band? It should be on the record so that we can look out for it in the years ahead.

Nigel Adams: At the risk of my son never speaking to me again because of the embarrassment that I have caused him as a teenage boy, the band is Summer City, and it is rather good. My son is Ben Adams, and there are three Bens in the band. If Andy Heath is listening, it has not yet been signed, but he can check it out. When it has made the recording it just got the money for, I will make sure that Mr Heath and the industry get a copy.

We must ensure that finance is in place and that all possible measures are taken in this climate to help the business. We must also ensure that intellectual property is properly protected; copyright law must be made relevant to the world we live in. By that, I mean it is time we caught up with our European counterparts and recognised that private copying from CD to iPod, for example, should be made lawful. As things stand, there is a grey area between what is allowed under copyright exceptions and the reasonable behaviour and expectations of most people.

On this matter, I urge my ministerial colleague to consider the effects that changes to format shifting may have on a larger scale. It is right that personal format shifting becomes an exception, but if the terms are drafted too widely, we could see an adverse effect on future innovation and potential revenue, which would be very damaging. Cloud services, for example, are an area where, if we get the balance right, music will play an even greater role in the UK's future economic success. If we get it wrong, however, those who manufacture and

create valuable intellectual properly could be undercut, which would be disastrous for the industry and those businesses.

Several hon. Members *rose—*

Annette Brooke (in the Chair): Order. Two Members are standing. The debate finishes at 2 pm. Obviously, there must be time for the Minister to respond.

1.43 pm

Dr Thérèse Coffey (Suffolk Coastal) (Con): It is a pleasure to serve under your chairmanship, Mrs Brooke. I congratulate my hon. Friend the Member for Selby and Ainsty (Nigel Adams) on securing the debate. How appropriate it is that we are having a debate on UK music and the economy on St Cecilia's day, given that she is the patron saint of music. There is, dare I say it, a member of another distinguished band—MP4—here today, and we pay tribute to its members.

My hon. Friend strongly outlined how important music is to the economy, creating more than £5 billion. As he said, more than £1 billion is also generated by live events. In that respect, I should plug an excellent festival in my constituency, which is called Latitude. My right hon. Friend the Member for Bath (Mr Foster) spoke there earlier this year.

There is a side aspect to the economic issues involved here, which is about not only music or tourism, but some of the construction work involved in creating arenas. Latitude has just committed to a 15-year contract and is now investing in its site and in other aspects of the festival. That is important for local people. It also makes the area a great place to live.

There is also the investment undertaken by Arts Council England in UK music. Although it perhaps does not invest in popular music—the Professor Greens and the like—it does invest in things such as the Aldeburgh festival, at Snape Maltings, which has made that an attractive place to live in Suffolk Coastal.

I therefore want to make a call to councils. I understand the strong economic pressures they are under, but they should think about how they use some of their arts funding and how they invest in areas. Thirty or 40 years ago, Basingstoke and Deane borough council, for example, invested in ensuring that it had a concert hall so that it would attract companies to the area. That meant that it was a nice place to be and that people did not always need to travel elsewhere to get their cultural entertainment.

I, too, support the suggestion that we should deregulate entertainment in pubs and similar venues. My council has asked me to lobby against the changes, and I have said no, because I think the Government are making the right move. I would like to go even further and try to get rid of temporary event notices for unamplified music of any kind, because it is a shame when things go slightly wrong and the brass band can no longer play at the bandstand in a concert that was supposed to happen. I am delighted that the Live Music Bill, which my right hon. Friend the Member for Bath will take through the House, deals with that.

I pay tribute to the Government for their support for bodies such as Chetham's school of music and the Yehudi Menuhin school, which stresses the excellence of such provision. There is also the wider point that children at every single school are being encouraged to play a musical instrument.

The 12 notes on a keyboard can give rise to extraordinary emotions. Six strings on a guitar, four strings on a cello and just three valves on a trumpet can really touch the heartstrings of what makes people special. I think it was Tolstoy—that master of words—who said:

"Music is the shorthand of emotion."

That is absolutely right. We need to ensure that UK music is celebrated and supported so that it will contribute to our economic growth.

1.46 pm

Esther McVey (Wirral West) (Con): Time is short, so I will keep my remarks brief. The music industry and the entertainment business are not called that for no reason; they are called that because they are worth £5 billion to the economy, with £1.3 billion coming specifically from exports, and they employ 130,000 people. However, I want to look specifically at the impact on the north-west.

Coming from Liverpool, I like to see the city as the epicentre of creativity and the hub of the music industry. Whether we are talking about Gerry and the Pacemakers, The Real Thing, Orchestral Manoeuvres in the Dark, Echo and The Bunnymen, The Lightning Seeds, The La's, The Zutons or The Coral, Liverpool is a creative hub.

I want to look at the direct and indirect consequences of music and the music industry. Yes, music has financial implications, but it is also an emotional outlet for a younger generation and a way to let their creativity out. It can provide jobs that people might not otherwise have. People can express and stretch themselves, and they can explain their life and their whole meaning.

Obviously, I could not talk about Liverpool as a creative hub without mentioning The Beatles and what they are still worth to the city. The Beatles Story museum attracts 600,000 people every year. It is claimed that people going there over recent years have brought £20 million to Liverpool and Merseyside per year—that is just because of The Beatles.

UK Music research found that the north-west attracts 965,000 music tourism visitors per year and accounts for 12% of all such visits to the UK. It is the second biggest such destination outside London. In addition, it is estimated that music tourists in the north-west spend at least £132 million a year, which benefits the north-west economy by £56 million a year in gross value added. That also sustains the equivalent of 1,400 full-time jobs. The music industry is vital for us and something we particularly excel in. It links to the film industry, adverts, the gaming industry, TV and radio. We also have the brand-new MediaCity in Salford.

My point to the Minister is that we need to protect the industry and the creatives. We need to protect music as a financial and creative industry. We must support it to help it grow, and we must sustain it as much as possible. We must also link in the new MediaCity in Salford as much as we can, so that we get as much benefit from it as we can.

1.49 pm

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): It is a delight to appear under your chairmanship once again,

[Mr Edward Vaizey]

Mrs Brooke. I congratulate my hon. Friend the Member for Selby and Ainsty (Nigel Adams) on securing this important debate. The fact that so many hon. Members have attended, intervened and made speeches shows that there is large-scale recognition throughout the House of the success of the music industry, and support for it.

I wish Ben Adams the best of luck in his music career. I shall look out for Summer City, which has a ring to it. I can just hear the late Saturday night programme announcer saying, "We've got Ben Adams from Summer City coming on next," and people will stay through the advert break to hear what he says.

I congratulate my hon. Friends the Members for Suffolk Coastal (Dr Coffey) and for Wirral West (Esther McVey) on their important contributions. Obviously, I go regularly to the Aldeburgh festival, which is probably one of the world's leading classical music festivals. When my hon. Friend the Member for Wirral West recalled The Beatles, that made me recall a recent visit to Abbey Road studios, which I think still has the largest recording studio in the world. Hon. Members may have seen the George Harrison documentary recently, with the extraordinary pictures of The Beatles recording in Abbey Road. The studios still have the piano on which "Eleanor Rigby" was composed—a piano built in 1902. If hon. Members can find any excuse to visit Abbey Road studios, I would urge them to do it.

We talked about the huge success of the British music industry—and it is a staggering success, with almost £4 billion of sales. Britain is the only country apart from the United States and Sweden that is a net exporter of music, and although the major record labels may no longer be owned by UK companies, it is heartening that Beggars Banquet, the largest independent label, has had such astonishing success working with that amazing artist Adele. That leads me on to the point that was made about Andy Heath taking the helm at UK Music, following Feargal Sharkey's resignation. I pay tribute to Mr Sharkey's astonishing record in leading the UK music industry, and herding cats in putting things together. He was ably assisted by his second in command Jo Dipple, who I know will continue to play an important role.

Kerry McCarthy (Bristol East) (Lab): I, too, pay tribute to Feargal Sharkey. The Minister rightly talks about our success in exporting albums, but I understand that if we were to take away from the equation Adele, Amy Winehouse and Coldplay, and a few other big names, we would be doing a lot worse. Does he share my concern that things are increasingly difficult for struggling artists, some of whom, in the independent sector, have made the greatest contribution because of their influence? They struggle in today's climate, and we are in a world where only "The X Factor"-type bands and the huge sellers such as Adele and Coldplay can survive.

Mr Vaizey: We have a thriving and vibrant music scene, and no individual singer or band is guaranteed success, but it is reassuring to me—I happen to be a fan of "The X Factor", but people understandably say it should not be the future of UK music—that Adele and other stars have risen. Adele, I think, is the biggest selling artist in the world at the moment; that is an astonishing achievement. Obviously, the Government cannot dictate who is going to survive and thrive, but that is testament to the fact that we have a vibrant music ecology in this country.

I know that the hon. Member for Bristol East (Kerry McCarthy) has concerns about visa issues. It is important that bands in this country should have the opportunity to tour the world, and I am happy to continue working with her on the question of jurisdictions where it might be difficult for bands to get the appropriate visas—perhaps for understandable reasons.

Kevin Brennan: Will the Minister give way?

Mr Vaizey: I give way to the musician in the Chamber.

Kevin Brennan: That might be a stretch. Without making the debate too much of a love-fest I, too, pay tribute to the work that Feargal Sharkey did, including the ultimate sacrifice of actually playing with MP4 once or twice along the way.

Does the Minister agree that it is important for the industry to maintain that single-voice focus, which Feargal Sharkey helped to establish with the setting up of UK Music; that that put an end to the old days, when it was difficult to get a single established view from the music industry; and that it is important that that should continue into the future?

Mr Vaizey: Yes, absolutely. I agree that when UK Music came together two or three years ago, that was a real achievement. There were a number of disparate voices. I emphasise, for the benefit of all hon. Members, that Feargal Sharkey is still very much alive; the range of tributes being made might make people think he is not. He is entitled to move on, and I have no doubt that he will continue to play an extremely important role.

Among other issues covered in the debate was the importance of live music and of deregulating the licensing system. I echo the call made by the right hon. Member for Bath (Mr Foster) that no man should stand in the way of the Bill that Lord Clement-Jones has introduced. Let no man put asunder the marriage between the right hon. Gentleman and the Bill this Friday. Let us hope that it passes through the House with ease. Nevertheless, there is the backstop of the Government's consultation on live music licensing.

Copyright is an incredibly important issue to the music industry. The Hargreaves report was mentioned; a consultation will shortly be initiated by the Intellectual Property Office. As to format shifting, from a common-sense point of view it makes sense to establish regulations that would allow people to do what they do already—move from CD to iPod and so on—while at the same time ensuring that any measures that are appropriate to protect the music industry are in place. That will be part of the consultation.

There are other things whose importance I want to highlight: the digital copyright exchange, which we are not forcing on the music industry—we hope that there will be a bottom-up approach, with Government help; the recent extension of copyright for performers, taken through the European Commission; and the continued action that the Government take to combat the theft of intellectual property—otherwise known as piracy—not

only through the Digital Economy Act 2010, passed by the previous Government, but through brokering conversations and deals with rights holders and internet service providers, including advertisements on pirate sites, credit card details, payment facilities being provided on pirate sites and search engine optimisation issues, and through the important progress made recently in the courts, with the blocking of the Newzbin site, which began 10 days ago.

Access to finance is of course a perennial problem for the creative industries. The Creative Industries Council, which we established last year, has one specific work stream on access to finance, chaired by Ian Livingstone from the games industry. It is important that people engage with him on issues of access to finance. I have spoken to banks about the enterprise finance guarantee scheme. I had a meeting, for example, with the Royal Bank of Scotland, to discuss it. Importantly, a recent Demos report, authored by the researcher Helen Burrows, shows that the creative industries are not as risky as people think, and that they are a good investment.

Others could take a leaf out of the video games industry's book. After the debate I shall be going to the National Endowment for Science, Technology and the Arts to talk to small-scale angel investors, who are being introduced to games companies. If UK Music could stretch itself even further to organising one or two investment conferences with banks and the music industry, and independent labels in particular, that could bring progress.

My hon. Friend the Member for Suffolk Coastal, who rightly highlighted the Aldeburgh festival, made the point that the record industry of course encompasses classical music. Although we missed a trick by not launching it today, on St Cecilia's day, we shall shortly launch our national music plan. I gather that it is pencilled in for Friday; it is a constantly moveable feast, as we seek to improve it more and more. However, the key point about the national music plan is the music education hubs that will sit at the heart of it. I hope that those will bring together local authorities and organisations such as the Aldeburgh festival to provide a wider offer to children in schools. The money has been secured for local authorities, but we want to put a system in place to secure the participation of the much wider ecology of the music industry locally, whether that is local orchestras, the brass band or the Aldeburgh festival.

We have had a good-natured and well-tempered debate in which hon. Members from both sides of the House have united to emphasise our support for the music industry. We have highlighted the key issues that affect it: education in schools, copyright, access to finance and live music. The Government are focused on all those issues, and I am grateful for the participation and input of hon. Members from both sides of the House.

Question put and agreed to.

1.59 pm

Sitting adjourned.

Westminster Hall

Wednesday 23 November 2011

[Mr James Gray *in the Chair*]

Disability Hate Crime

Motion made, and Question proposed, That the sitting be now adjourned.—(*Angela Watkinson.*)

9.30 am

Kate Green (Stretford and Urmston) (Lab): It is, as always, a privilege to serve under your chairmanship this morning, Mr Gray. I am pleased to have the chance to open this debate.

Writer and journalist Katherine Quarmby, who addressed a joint meeting of the all-party groups on disability and learning disability in Parliament a couple of months ago, told us that in the course of her research into the subject she had been unable to find much evidence that disability hate crime had been debated in either House in Parliament. I am glad that we are able to put that right today.

The issue concerns many hon. Members from across the House. I am particularly pleased to see the hon. Member for Blackpool North and Cleveleys (Paul Maynard), who has done a great deal of work on this subject, and my right hon. Friend the Member for Stirling (Mrs McGuire), who will be responding to the debate from the Labour Front Bench.

I acknowledge the Lord Chancellor's commitment to align the tariff for murder where disability is a motivating or aggravating feature with that for race, religion and sexuality, which he made in response to my amendment to the Legal Aid, Sentencing and Punishment of Offenders Bill last month. That amendment enjoyed the support of a number of hon. Members from across the House.

That commitment was a useful step in the right direction and one that organisations such as Mencap, the National Autistic Society, the Equality and Human Rights Commission and others have been calling for. I welcome the Lord Chancellor's undertaking and look forward to hearing in more detail how the Government will progress his commitment.

The reality is that sentencing for murder is just the tip of a deeply disturbing and significant problem. As the recent EHRC report "Hidden in plain sight" has shown, attitudes, behaviours and practices, both institutional and individual, are contributing to a growing climate of hostility towards disabled people and fall well short of being a satisfactory response to the harassment of those people and the commission of crimes against them. I hope that today's debate will give the Minister the opportunity to tell us specifically what actions the Government are taking to address so-called disability hate crime and to tackle one of the nastiest, most disgraceful forms of crime in our society. The coalition Government have promised a hate crime action plan, but we are still waiting for it. Disabled people, their families and campaigners are rightly anxious for action now.

The EHRC reports that around 1.9 million disabled people were victims of crime in 2009-10. We do not know how many were victims of harassment, but we do know that disabled people face a greater risk of being a victim of crime than people who are not disabled. There is also evidence that disabled people are more likely to experience antisocial behaviour, although more research is needed on that to confirm the scale of the problem. That is clearly unacceptable. What is worse, we also know that too often disabled people will feel forced to put up with a pattern of harassment, humiliation, antisocial behaviour and low-level criminal behaviour and come to accept it as an inevitable part of their lives.

What may start as relatively low-level harassment all too often escalates, becoming intolerable for the victim. In the worst cases, it can spiral to the point of violence, even murder, or to a situation in which victims and their families are simply unable to carry on with their lives. Hon. Members will be all too aware of the shocking case of Fiona Pilkington and her daughter Francecca, whose suffering of persistent harassment and abuse ultimately led to their deaths.

David Simpson (Upper Bann) (DUP): I congratulate the hon. Lady on obtaining this important debate. She has mentioned the issue of attacks on people with disabilities. Does she not agree that there needs to be a campaign to increase awareness of that? We congratulate Mencap on its excellent "Stand by Me" campaign, but does she not agree that such awareness needs to start back at primary school? Schools need to have a role and to teach our young people to have respect for people with disabilities.

Kate Green: Indeed, and I will say a little more about that. It is an important point that highlights that some of the perpetrators of really shocking instances of abuse and criminal behaviour are very young. Intervening early to demonstrate to them the absolute unacceptability of such behaviour is clearly the right thing to do.

Cases such as that of Fiona and Francecca Pilkington are of course the extreme, but they exist in a context of rising hostility to disabled people, which fuels abusive behaviour and leads to an increase in the harassment of them. Recent research for Scope by ComRes has shown that 47 % of disabled people feel that attitudes towards them had got worse over the past year, with 66% of disabled people reporting experiencing aggression, hostility or name calling.

A study published last month by the Glasgow Media Group, which analyses how the media are reporting disability in the context of Government spending cuts, reveals a major shift in how disabled people are portrayed, and the negative impact that that is having, both on public attitudes and on disabled people themselves. The research found a fall in media coverage that described disabled people in sympathetic and deserving terms, and an increase in the number of articles focusing on disability benefit fraud. Researchers observed an increase in articles portraying disabled people as a "burden" on the economy, with some articles even blaming the recession on incapacity benefits claimants.

Harassment and attacks exist and flourish in that context of hostility—a context, it has to be said, to which politicians are helping to contribute. I hope that the Minister will acknowledge the derogatory and damaging language that has surrounded too much of the debate

[Kate Green]

about welfare reform, and will give her commitment that there is a determination across Government to stamp out any negative portrayal of disabled people.

Although attitudes and language are important, campaigners have rightly identified the need for a much wider, whole-system change. That requires that public bodies and the professionals who work in them treat all manifestations of disability-related harassment and hate crime with the utmost seriousness. Too often, victims fail to report harassment and attacks, because they are unsure to whom they should report them, or because they feel that they will not be believed. Too often, when attacks are reported, the response of the professionals is to focus on the behaviour of the victim and how that should change. In other words, they focus on how victims should curtail their lives to avoid finding themselves in a situation in which they continue to experience harassment. That cannot be right. The priority must be to focus on the behaviour of the perpetrators, to challenge behaviour that is unacceptable, to deal appropriately with criminal behaviour and to take all necessary steps to prevent it occurring.

Mark Durkan (Foyle) (SDLP): I congratulate the hon. Lady on securing this debate. She has just made the point about people being subjected to patterns of harassment. Is she hearing from police officers that they are increasingly conscious that, when younger officers or officers who are new to an area produce a report and check the books, they find that that report is the latest in a series of reports about harassment being suffered by a particular individual? It is almost because a report forms part of a pattern that the police are inclined to say, "There is nothing we can do about it", because nothing has happened about the previous reports. The police fail to appreciate the cumulative impact of this sort of antisocial behaviour and constant harassment. Such behaviour and harassment should be a call to action rather than a call to indifference.

Kate Green: That is an important point and I am sure that it is one that the police will also take note of. Too often there is an attitude that nothing can be done because the victim is disabled and there is scepticism about what disabled victims say. One shocking case, quoted in Katharine Quarmby's book "Scapegoat", was that of a blind woman who had been sexually assaulted, but the response of the police was that it was not possible to proceed with the case because, of course, she had not seen her attacker.

In its report, "Hidden in plain sight", the EHRC has proposed a number of important measures to help to improve the situation. First, there must be leadership and ownership of the issue across all public bodies. This is not an issue simply for one arm of government. It cuts across central Government Departments, local government, the criminal justice system, the education system, health, housing, care, transport, employment and so on. Therefore, a signal from the Minister today of the seriousness with which the Government regard the issue will be important. However, warm words will not be enough. Disabled people want to know how Ministers will ensure that the issue remains a priority for ministerial attention across Government; what structures exist within Whitehall to focus attention and drive action; what accountability mechanisms will be put in place; how public institutions that fail to take action will be compelled to do so; and how Ministers will work with local government to ensure ownership of the issue at local level.

Secondly, such an approach must be informed and supported by the systematic gathering and monitoring of data that spell out the scale and severity of the problem, and by analysis of that data to support and direct policy makers' attention to where action is needed. We know that there is significant under-reporting of harassment and abuse of disabled people, and there is a need to improve the recording and reporting of disability hate crime.

Radar has responded to that problem through its "Stop Disability Hate Crime" project, which is working with disabled people's organisations and the authorities to develop a national independent disability hate crime reporting centre, which will provide minimum standards for other such centres, and raise awareness of disability hate crime and incidents and how to report them. The project also maps the disability hate crime third-party reporting sites that already exist or are being established. Also, a survey has been undertaken to find out why disabled people do not want to report disability hate crime and what would make them more confident to do so.

The Radar project is an important initiative and I hope that the Government will look carefully at the lessons that emerge from it, and at ways of strengthening the capacity of third-party hate crime reporting centres as a valuable way of increasing the incidence of reporting. Of course, it will be important that such centres follow minimum standards, but I know that all right hon. and hon. Members will welcome Radar's work in that area and look forward to its report, which is due to be published early next year.

Thirdly, practice at the front line is, of course, vital to ensure that action is taken swiftly to respond to and prevent harassment or criminal attacks on disabled people. That requires the engagement, attention and effort of a range of public institutions. Crucially, those public institutions must work in partnership with each other and with disabled people to develop and to implement the right strategies to tackle disability hate crime. That partnership working can enable early identification of the patterns of behaviour that we have been discussing today, which is essential if problems are not to escalate. Today those patterns are too often missed, or cases are dealt with in isolation. As a result, the response of the authorities can be fragmented, inadequate or too slow.

In its 2009 report on the security of disabled people, the EHRC pointed out that a range of public authorities were not playing any preventive role: housing associations, social care providers, health care providers, the voluntary and community sector and local authorities. Too often, there is an inadequate response to incidents even when they are reported. That must change. Although there has been some progress in the response of the criminal justice agencies, action across the piece is needed and it is in that context that the Government's action plan will be so important.

Jim Shannon (Strangford) (DUP): I congratulate the hon. Lady on securing this debate and bringing this matter to the Chamber today. Society is always measured

by how it treats those who are less well-off, and that is true of individuals as well as of society as a whole. She has discussed a campaign that she hopes the Government will support. Does she feel that that campaign should not only be an England and Wales campaign but a campaign that goes to Scotland and Northern Ireland, too? If so, perhaps the catalyst to make that happen will come from this Chamber today. I ask the Minister to consider that point too in her response to the debate.

Kate Green: That is also an important point, and if there is good practice from which we can learn we will want to learn it in every part of the United Kingdom.

The Government's action plan will need to include action on developing a better understanding of the motivations of perpetrators of disability hate crime, and of the interventions that are effective in changing such behaviour. It must be a priority to develop appropriate interventions that can be made in schools, which have already been mentioned, in the criminal justice system, through family and community programmes, and in other settings. I hope that the Minister will be able to tell us what analysis and action the Government are considering with regard to those interventions.

The action plan must also address the need for proper training of front-line professionals who may be required to recognise and respond to issues of disability-related harassment. Such training must include training in communication skills and understanding and recognising signals of abuse. I hope that the Minister will be specific today about the steps that the Government are taking to make progress on those matters and I look forward to hearing her response.

Before I conclude, I want to highlight one especially vulnerable group of victims—those people with learning disabilities who have experienced sexual violence or abuse. All too often in those cases, the perpetrator is a partner, a family member or a carer, so the attack is compounded by an abuse of intimacy and a breach of the victim's trust.

A shockingly high proportion of women with learning disabilities have experienced sexual abuse. The problems that other victims of disability hate crime experience are magnified for these women by their not being believed, by professionals not knowing how to address the issue, and by abuse continuing and escalating over a long period, which happens all too often.

During the summer, I attended a conference with a group of learning disabled women to discuss the measures that are needed to address that form of abuse. The conference was jointly organised by the rape crisis centre in my own borough of Trafford, Salford university and Change, an organisation that is run by and for learning disabled people.

The learning disabled women present at the conference, who themselves were victims of sexual abuse, were absolutely clear about the action that is needed. I should say that they were also prepared to acknowledge that there have been improvements in parts of the criminal justice system, including better awareness among the police, greater understanding of their circumstances and their needs by the Crown Prosecution Service, and greater responsiveness from the courts. However, they also highlighted the need for specialist advice and support to be much more widely available. They spoke about a lack of access to health services and other support services, which happened for a number of reasons: sometimes because of discrimination, sometimes because of a lack of communication skills, and sometimes because they and other learning disabled women were not empowered to express their needs. They repeated that there was a need for training for front-line professionals, which they strongly suggested should be delivered by learning disabled women themselves. They identified an additional barrier that they faced, which was dealing with workers who did not have the confidence to deal with them as learning disabled women.

Women often want to use mainstream services where they can, but feel that the staff are often not equipped to support them. In her role as Minister with responsibility for disabled people, I hope that the hon. Lady takes these points up urgently with colleagues in the relevant Departments, and urges them to engage directly with learning disabled women in formulating Government policy.

I want to put on record my gratitude to the disabled people and their families who have taken the time to describe to me the deeply distressing, shocking and vicious attacks they have experienced, and how the system has sometimes let them down. I also want to thank the families of Keith Philpott and Gary Skelly, members of the Disability Hate Crime Network, Simon Green and Stephen Brookes, and the women I met at Change. Their stories of abuse, violence and in some cases death, have brought home to me that there remains a dark and primitive side to our attitudes to disabled people, which still too often manifests itself in harassment and criminal behaviour that simply cannot be tolerated in any civilised society. I am pleased that we are debating the issue this morning. It must not remain hidden in plain sight.

9.50 am

Paul Maynard (Blackpool North and Cleveleys) (Con): I congratulate the hon. Member for Stretford and Urmston (Kate Green) on securing this debate on a very important issue.

I, too, met the family of Gary Skelly on Monday, and we watched the 15-minute video they have put together as part of their FACE Facts campaign. Gary Skelly, a 53-year-old man who lived in Norris Green, Liverpool, was attacked just over a year ago—punched for no obvious reason, and killed. The perpetrator was sentenced to seven years for manslaughter, so, unfortunately, even the amendment that the hon. Lady and I have tabled to the Legal Aid, Sentencing and Punishment of Offenders Bill would not have given him the sentence I feel he deserved. What happened left the family not just bemused and confused, but greatly distressed. They simply could not understand what had happened to someone about whom they, and many in the community, cared greatly.

I consider myself relatively fortunate in Blackpool, in that I have an excellent third-party reporting centre and the Disability Hate Crime Network is very strong. The hon. Lady has already mentioned Stephen Brookes, one of my constituents, who helps up and down the land in ensuring that the fight to have this form of hate crime recognised is prosecuted as widely as possible. Yet I can still be shocked. About six months ago, a father and his son came to one of my constituency surgeries. The son,

[Paul Maynard]

in his early twenties, had had a serious car crash a few years previously and now has a developmental learning disorder. He was trying to go to college, but faced abuse from neighbours and cat-calls as he walked there, and was now dropping out. I thought, "My word, even in Blackpool, where we are really trying, this is still occurring." But what really shocked me most was that it was occurring not in my constituency, but in my own road, where I live, and had been going on for many months without my being aware of it, not 100 yards from my front door. Such incidents are hidden in plain sight, as the title of the Equality and Human Rights Commission report makes clear. It is probably happening in very close proximity to where we all live, and we might not be aware of it.

I want to focus today on an aspect of disability hate crime that does not yet get sufficient attention: the needs of many people with learning disabilities, who are subjected to what is increasingly being called mate crime. Why has it developed? Some 50 years ago, society's answer for many people with learning disabilities was to shut them away out of sight—hide them away, so society did not have to confront them. Ensuring, rightly, that they live fulfilling lives in their local communities, participating in everything we all do, has put them at risk from a few ignorant individuals who do not understand what a learning disability is. That makes them vulnerable.

The hon. Lady mentioned the types of press coverage that we see. I welcome the fact that serious examples of disability hate crime are now being covered and referred to as such, but what we do not hear about every day is the so-called friend who relieves someone of a £10 note. That might not seem a particularly large crime, certainly not in financial value, but if a so-called friend of someone with a learning disability abuses their trust, that is a far greater crime, in human value, than if they were stealing £1 million. It is not just a financial crime; it is an attack on the person's humanity and identity.

Something that the Skelly family stressed to me on Monday—indeed, we began the discussion by talking about it—was the labels that people put on others. Yes, society is very complex, and I am sure that we all find it difficult to deal with at times, but it is much more difficult for someone with a learning disability. We apply these labels to try to help ourselves to simplify the world around us and to help us to understand things that might be at the margins of our understanding, about which we know we ought to think in a particular way. We put the labels on them, then think we understand them. The labels are often the beginning of a prejudice—a way of assuming that someone acts in a certain way or that they are a particular way because of how they are. That is perhaps the most dangerous thing we do in our society. We cope with the people at the margins—people we do not quite understand—by just putting labels on them.

Two or three months ago, we heard about the sentencing of the murderers of Gemma Hayter, a lady in Rugby with a learning disability who had gone to visit her so-called friends and had been tied up, locked in a toilet, forced to drink her own urine, led to a railway line, wrapped in plastic bags and stabbed to death. Her attackers got the sentence they deserved, but sadly they could not face the 30-year tariff, which I believe such people should face, proposed in our amendment. That incident brought home to me the vulnerability of such people.

There are things that the Government can do, and I urge Ministers to consider them. It is vital that the Government take on board, as Mencap is requesting, the Law Commission proposals to extend the definition of harm to include exploitation, particularly financial exploitation. I hope that when we see a social care Bill, we can put the adult safeguarding boards on a statutory basis. Sadly, no organisational structure can stop evil occurring in a person's head, but we can try to do something to ensure that when we identify people at risk, the different agencies involved are at least made aware of what is going on. If people are talking to people, and agencies are talking to agencies, we will at least have some hope that, just maybe, solutions can be found.

Susan Elan Jones (Clwyd South) (Lab): I am most grateful to the hon. Gentleman for giving way, and to my hon. Friend the Member for Stretford and Urmston (Kate Green) for securing the debate. Is he aware of a recent case in, I think, Bristol? A gentleman with learning disabilities went into a barbers, and the barber thought it amusing to shave "fool" on his head—an unbelievable story. I cannot remember the details, but the punishment was lamentably low.

Paul Maynard: I thank the hon. Lady for that classic example of how unfeeling and insensitive individuals can be. I hope that the punishment is that the local community boycotts that barber, because he does not deserve to have any customers if that is how he treats them.

A more fundamental issue that concerns me is that the Government are not approaching properly the philosophical status of day care centres. That might seem like a slightly abstruse point to make, but in many social services departments these days, the day care centre seems to be an unfashionable creation. Some want people to be out in the community all the time, as though a day care setting somehow denied them the right to be in the community. That concerns me greatly. For many people with a learning disability, particularly those of an older generation, a day care setting offers the very support network that so many of them crave, and in pursuit of which they often put themselves at risk from so-called friends.

I urge the Minister to consult with her colleagues to ensure that day care centres are not written out of the picture. We have an excellent one in Blackpool called the Rock Centre, which is indeed a rock for many in the community. Although the activities that people there engage in might not strike us as terribly meaningful—

Stephen Lloyd (Eastbourne) (LD): I thank my hon. Friend for allowing me to make a quick point; I very much support what he says. One challenge of disability and learning disability is that people in Whitehall and the professions often think that they know best. For the past 15 years, the direction of travel has been to reduce day care. I endorse totally what he says: for a lot of disabled people, particularly those with learning disabilities, the reduction in day care centres has reduced their

quality of life. I support him in pushing the Minister to ensure that that understanding filters through to the professions and Whitehall.

Paul Maynard: I thank my hon. Friend for that comment and agree wholeheartedly. It struck me when I spoke to users of the Rock that they feel happy, fulfilled and, above all, safe and secure in that environment. That is surely what we want for the most vulnerable in society: that they feel safe and secure, that they are not placed at risk and, most importantly, that anyone who dares to presume that they can inflict their prejudices and their crippled attitude to human life on those vulnerable individuals feels the full force not just of the law but of the local community's criticism and condemnation.

10.2 am

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): It is a pleasure to speak under your chairmanship, Mr Gray, and to follow the hon. Member for Blackpool North and Cleveleys (Paul Maynard), who always speaks in an informed way. Today was no exception. I join him in congratulating my hon. Friend the Member for Stretford and Urmston (Kate Green) on obtaining the debate at an important time, and on her excellent speech. I hope that she will forgive me if I re-emphasise some of her points, each of which was well made.

Disability hate crime is a big issue, affecting about 60% of all disabled people in the UK. Within that number, people with learning disabilities are hugely affected: according to Mencap, nine out of 10 say that they have been bullied, harassed or harmed because of their impairment. I should declare that I am the joint chair, with Lord Rix, of the all-party parliamentary group on learning disability.

The recent Equality and Human Rights Commission report "Hidden in plain sight" suggested that disability harassment is so common that many have come to accept it as part of their everyday lives. The report also found that numerous agencies, including the police, the courts, the Crown Prosecution Service and local authorities, have failed to recognise disability hate crime and respond effectively when it happens.

Mencap's "Stand by me" campaign aims to rectify the issue by encouraging police forces to give greater attention to disability hate crimes and promoting the need for Government to do more to achieve improvement. In June this year, I had the privilege of hosting a reception. I was delighted that the Minister was there, as I am always delighted when she is present. I hope that my right hon. Friend the Member for Stirling (Mrs McGuire), whom I am delighted to see back in a post to which she is eminently suited, feels equally welcome.

The Government committed to publishing a hate crime action plan, but there is no evidence of it yet, although it is essential if we are to achieve strategic direction and a co-ordinated approach to tackling hate crimes, such as those aggravated by disability. Sentencing is a key issue that has been raised. Recently, the Government announced their intention to equalise minimum sentences for murders aggravated by disability as part of schedule 21 to the Criminal Justice Act 2003. I welcome that strongly, of course, but it does not mean the end of the issue. Murder is just one part of a huge spectrum of abuse suffered by disabled people, and provision should be made to safeguard all disabled people who suffer any sort of disability hate crime.

Types of hate crime vary substantially, as we have heard. Murder and physical abuse are the most hard-hitting and widely publicised. However, name-calling and general harassment build up over time and can cause long-lasting psychological damage to the victim, as was seen in the case of Fiona Pilkington, who, sadly, killed her learning-disabled daughter and herself after years of abuse. Another, relatively recent phenomenon, referred to by the hon. Member for Blackpool North and Cleveleys, is mate crime, in which perpetrators falsely befriend disabled people and exploit them financially, physically or sexually. Sentencing for disability hate crime should be comprehensive enough to safeguard against all those forms of crime.

The Government have also announced that they will reform section 146 of the 2003 Act, which imposes sentence uplifts for crimes aggravated by protected characteristics such as disability. Section 146 is widely unenforced: only 1,200 cases of disability hate crime have been prosecuted, compared with 48,400 racist and religious hate crimes. However, the Ministry of Justice has said that the Act will be updated so that where any offence is shown to be motivated by hostility towards the victim on the grounds of transgender, race, religion, sexual orientation or disability, sentences must be more severe. The implication is that the law will be strengthened so that courts "must" impose a sentence uplift, thus removing their discretionary power. Will the Minister clarify the situation? I would welcome that.

Another issue that must be addressed is the power of the Attorney-General to review sentences deemed unduly lenient. That power does not extend to sentences for disability-motivated offences, which creates an inconsistent picture in the legislation on disability hate crime. There is a possible implication that disability hate crime is not as much of a priority as other strands of hate crime such as race or religion, important though those are. Disability hate crime must be recognised as an equal issue across all forms of sentencing.

Mark Durkan: My right hon. Friend rightly highlights the fact that the Attorney-General can review lenient sentences for racial or religiously aggravated attacks, even where the offence is relatively minor, but the law insists that disability-aggravated crime may be reviewed only if it is most serious. Does that not essentially put the law and the Attorney-General in the Sepp Blatter position of saying, "Yes, it's wrong, but it's not really serious; it's unacceptable, but it's somehow understandable."?

Mr Clarke: My hon. Friend's point is salient and I am sure that we all take it on board. It is essential that the issues under discussion are dealt with as part of the Legal Aid, Sentencing and Punishment of Offenders Bill; otherwise, the opportunity for disability hate crime to achieve the type of parity for which we are calling will pass.

What needs to happen? I acknowledge the Home Office directive on collecting figures on disability hate crime. That could achieve a better understanding of the national picture, taking in every part of the United Kingdom. However, more needs to be done to be proactive, even beyond that.

[Mr Tom Clarke]

Police forces need better to understand disability, including learning disability, so that they can effectively support victims of disability hate crime. That includes flagging up repeat cases of disabled people being victims of abuse. Mencap's police promise initiative, for example, encourages police forces to sign up to a list of pledges to show their commitment to tackling disability hate crime.

Courts and the criminal justice sector should employ special measures, as per the Equality and Human Rights Commission's recommendations in the "Hidden in plain sight" report, better to accommodate disabled people. That includes effective support for witnesses, which can be crucial in so many cases.

It is also hugely important to tackle wider public attitudes about disabled people, as hon. Members have mentioned. There is a lot in the media about people being "benefit scroungers", and disabled people are often deemed guilty by association, which breeds contempt among the public, some of whom perceive disabled people to be cheating the system to ensure that they get state handouts. That is wrong and unacceptable.

I again welcome the debate and congratulate my hon. Friend the Member for Stretford and Urmston on securing it. I strongly believe that we should face the issues and problems of sentencing and respond accordingly, and her debate today has given us a wonderful opportunity to focus on that.

10.12 am

Mr Robert Buckland (South Swindon) (Con): It is an honour and a pleasure to take part in this debate. I am grateful to the hon. Member for Stretford and Urmston (Kate Green) and congratulate her on securing it. I was present in the main Chamber when she managed to secure the important concession from the Lord Chancellor on schedule 21 of the Criminal Justice Act 2003. I pay tribute to her and to my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard) for their work. They will be glad to know that, as well as the Members present, those in another place, particularly Lord Touhig, have played a key part in changing the Government's mind. We met the Under-Secretary of State for Justice, my hon. Friend the Member for Reigate (Mr Blunt), only some 10 days prior to that concession, to press the case on schedule 21, and I am delighted that the Government have moved so swiftly to regularise the position.

That, of course, gives rise to the question: why not move in other areas? Why not regularise the law so that disability hate crime is treated in the same way as an aggravated offence, as is the case with race or religion? That would require an amendment to primary legislation, and yes, I know it would be a big step, but it would be an important one. If we are making concessions elsewhere, we should regularise the law in that area as well. We treat equalities as a single concept now and we have an Equality and Human Rights Commission.

Mr Gregory Campbell (East Londonderry) (DUP): Surely moving beyond schedule 21 means that, as a society, we should ensure that we do not seem to treat disabled people as a people apart, almost saying that different attitudes, legislation and approaches are required for them. The more we treat disabled people like those of us who are not disabled, the more likely society as a whole is to follow that example and move away from treating them as almost subnormal or abnormal.

Mr Buckland: I am grateful to the hon. Gentleman for dealing with a point that I was about to address and that has been alluded to by other Members. The focus needs to be shifted away from always analysing a case's evidence by looking at the victim, and towards the wrongdoing and what the offender has done. That welcome shift of emphasis was displayed in guidance issued by the Crown Prosecution Service to prosecutors in England and Wales in March 2010. It is similar to the shift in focus that occurred some years ago in relation to domestic violence. People used to ask of the victim, "Why did she stay with him?", instead of focusing on the behaviour of the perpetrator, which, I am glad to say, is what is now happening in cases of domestic abuse. The same must happen in relation to disability.

The danger we face in focusing on the victim and their behaviour is that in assuming that all disabled people are vulnerable just because of their disability, we start asking dangerous questions, such as, "Why don't they avoid these situations? Why do disabled people put themselves in that position in the first place?" By asking those dangerous questions, we are at risk of driving disabled people back into their homes and into institutions, and away from mainstream society. That is wrong and I hope that today's debate will give a clear message to the Government that we must avoid it. We are in danger of being as bad as the people in ages past who used to apply the dunce's cap to disabled people in the classroom.

Such attitudes lead to other dangerous assumptions, such as that of some involved in the criminal justice system that disabled people are somehow unreliable or incredible witnesses, simply because of their disability. That is another dangerous and fatal assumption, which, I am afraid, has played far too great a part in the criminal justice system and has prejudiced and stopped cases involving disabled people. It has ended in miscarriages of justice involving disabled people.

I have mentioned the guidance, which was welcome. It followed a speech made by Lord Macdonald when he was Director of Public Prosecutions, which I think helped to clarify the CPS's position and its understanding of disability. I welcomed his comments about the concept of hate. We have to be careful when using the word "hate"; we must make clear what it covers. The danger with the word is that hate is an extreme concept, so we think that there cannot be many people in our society capable of it. The definition, however, is a wider one, and includes hostility or prejudice. What does that mean? There are other words for hostility, such as unfriendliness, antagonism, meanness and sheer ignorance. That is particularly important when we consider that many acts are perpetrated over a long period. We have heard about many sad cases, both today and elsewhere, that involve the victims of a crime finally suffering the last straw that broke the camel's back. It is important to remember that "hate" has a wide definition and involves a whole section of attitudes that I believe are bred from ignorance and sheer lack of understanding of the needs of disabled people. That leads to offences that take place on many levels; low-level offences can cause so much misery to the lives of disabled people.

We have been rightly reminded of the provisions of section 146 of the 2003 Act. To be fair to the drafters of that welcome provision, it says that the court "must" treat the fact that the offence was committed in an aggravating way when the offender, immediately at the time of the offence, or before or after it, demonstrated hostility based on the disability or presumed disability of the victim. The provisions are there; they are mandatory. The problem is with the previous stage, because there must be evidence of hostility beforehand, which is where the work of prosecutors becomes extremely important.

The guidelines include a welcome set of considerations that all prosecutors should consider when reviewing cases involving disability. They are the sort of factors that we have discussed today, such as previous incidents involving the victim and the offender. Are the incidents escalating in severity or frequency? Is the targeting becoming systematic and regular, rather than opportunistic offending? On the status of the offender, we have heard about so-called "friends" who befriend people and then manipulate the circumstances. A lot of proper questions are being asked in the guidelines. The key now is to ensure that in every case, those considerations are applied, looked at and checked in each case file.

Key actions could be taken now to help both prosecutors and sentencers. For example, section 146 should be flagged up as a consideration in every case file, so that when prosecutors assess and prepare the evidence, any sentencer is aware of it. In open court, the prosecuting solicitor or barrister should remind the court of their powers under section 146. Such nuts-and-bolts practical measures could see the sort of increase in the use of section 146 that was rightly referred to by the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke), and which we all want to happen.

Court practitioners and judges need more training on disability issues, most notably the use of section 146. The key point that I found, depressingly, time and time again is that the equation between disability and reliability has to be broken. We have to break that link in the hearts and minds of those involved in the system.

Mark Durkan: In respect of the whole question of sentence uplifts, the ECHR report stated that sentence uplifts have never been applied to any prosecution of rape or sexual assault where the victim was a disabled person. Is the point about the question of unreliability of people as witnesses, which the hon. Gentleman has just made, a factor in that?

Mr Buckland: I am grateful to the hon. Gentleman. I will address his point directly. There is no doubt in my mind that prosecutors who face a case where the victim has disabilities feel that somehow the prosecution will be an uphill struggle. Far too often, the use of special measures is not considered as much as it should be. For example, in a case that I was involved in, a person with a moderate learning disability was the victim of a rape. Through the help of an intermediary, the person was able to give evidence through a video link and a conviction was secured. The intermediary was a speech and language therapist. She was not only able to give confidence to the victim, but was there to assist the court if there was any ambiguity or lack of clarity to the jury in what the victim was saying. It was a most encouraging exercise, not only in achieving a fair result, but in making sure that the voice of that person was heard.

The role of intermediaries should be expanded and encouraged, not viewed as an unusual event in our courts. I think that there was an instinctive suspicion among practitioners that somehow the use of an intermediary would dilute the victim's evidence, or would in some way interfere with the process of giving evidence. Those concerns are unfounded. People should think of intermediaries as officers who help the court, rather than people who somehow manipulate or interfere with the evidence. That is not my experience, nor that of many other people who have successfully used intermediaries. To put it bluntly, if the intermediary had not been there to assist the witness in that very serious offence of rape, I do not believe that we would have secured a conviction. I am grateful to the hon. Gentleman for raising that point.

It has already been said that in the past four years, despite the fact that there are 10 million disabled people in the UK, only 1,200 cases of hate crime have been prosecuted. On the basis of a recent Scope survey, conducted in May 2011, that is an incredibly low figure. The survey revealed that almost 60% of disabled people had experienced hostility, aggression or violence due to their impairment, and that half of disabled people said that they experience hostility on at least a weekly basis. Almost 40% of disabled people said that hostility had got worse in the past year. If we extrapolate those figures, we see that millions of people are suffering in silence or, when their voice is heard, that the situation is not being effectively dealt with by the authorities.

We have come a long way since society wished to institutionalise disabled people and wholly shut them out from the mainstream, but we still have a long way to go to ensure that when disabled people, rightly, access mainstream life, they do not become vulnerable because of the circumstances in which they put themselves. We must all, as a society, stop asking these dangerous questions: why do they come out into the mainstream and why do they put themselves in those positions? Let us focus on the offender. Let us focus on the offending. With that approach, we can achieve real results in the field of disability hate crime.

10.25 am

Mike Crockart (Edinburgh West) (LD): I start by adding my congratulations to the hon. Member for Stretford and Urmston (Kate Green) on securing the debate. I recognise that she has long been a champion on the issue. As someone who sat on the Legal Aid, Sentencing and Punishment of Offenders Bill Committee, I welcome the Government's announcement that they will table amendments in the House of Lords to offer disabled victims of crime the same protection as those who are targeted because of their race, religion or sexual orientation. The provisions were pushed for by the hon. Member for Stretford and Urmston and by my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard).

Although I am particularly pleased to learn that the Government will be tabling those amendments, I hope that they will seek to build on experience north of the border. In 2010, Scotland became the first country in

[Mike Crockart]

Europe to have specific disability hate crime legislation on its statute book. The Offences (Aggravation by Prejudice) (Scotland) Act 2009 makes provision for statutory aggravations that can be attached to offences motivated by prejudice towards disabled or lesbian, gay, bisexual and transgender people, and requires courts to say what impact, if any, those aggravating factors have had on sentencing.

In Scotland, any criminal offence that is partly or wholly motivated by prejudice on such grounds is to be dealt with as a hate crime all the way through the system. For example, the offence could be assault, vandalism, verbal threats, abuse that could be charged as breach of the peace, or any other crime. If the person committing the offence uses disability-prejudiced language, or if there is any other evidence of a prejudiced motive, that makes it a hate crime. If anyone witnessing a crime thinks it was a hate crime, the police must record it as a hate incident. If there is any evidence of a hate motive—for example, prejudiced language—it will be charged as a hate crime. If the person charged is found guilty, the hate motive will be taken into account in sentencing, and the court must say publicly what difference the hate motive made to the sentence.

Kate Green: It is interesting to hear about the experience in Scotland, from which I am sure we can learn. I was very interested in what the hon. Gentleman said—that if anyone identifies the crime as a hate crime it must be treated as a hate crime. Is it not also important to recognise that although victims themselves often specifically exclude the possibility that it was a hate crime, that in itself should not be taken at face value, because there may be all sorts of pressures on them not to identify it as such?

Mike Crockart: I absolutely agree. In fact, the hon. Lady's intervention feeds very nicely into my next point. Twenty years ago, when I was going through basic training as a police officer, racial incidents were going through the self-same process. When someone was the target of a racial incident and did not necessarily feel that it was one, the fact that someone else had witnessed the incident was sufficient to make it a racial incident. That was the test that I was taught to use 20 years ago. I have to admit that at the time it felt excessive, but it was only thus that such crimes and incidents became generally unacceptable. In that way, there was a move to general agreement that much of the racist language of the '70s and '80s, which was tolerated by the silent majority, was derisive and abusive. Such a move is required in attitudes to disability hate crime, and is massively overdue. I trust that the Minister will be able to assure us that the amendments that the Government have now promised to table in the Lords will go further and build on the experience in Scotland, affording a similar level of protection in England and Wales.

The announcement from the Government signals recognition, welcome to us all, of the need to tackle those despicable crimes. It is also heartening for me to help push forward the agenda that my predecessor in Edinburgh West worked on in the previous Parliament. Responding to a parliamentary question tabled by my predecessor, John Barrett, in April 2008, the then Home Office Minister, the hon. Member for Gedling (Vernon Coaker) said:

> "The Home Office is responsible for the police recorded statistics. Statistics are collected on the number of racially or religiously aggravated offences but no information is available on those offences which are specifically 'disability hate' crimes."—[*Official Report*, 29 April 2008; Vol. 475, c. 330W.]

I welcome what the Government have already done, specifically the coalition commitment to improve the recording of such crimes. Since April 2011, all police forces now report hate crimes centrally. Published data from the Association of Chief Police Officers show increases in the number of disability hate crimes reported in 2010—a 21.3% increase on the recorded figures in 2009. This must be one of the few areas where we can welcome a large increase in reported crime, as it shows that the push for people to report the crimes is having an effect.

I await the promised hate crime action plan and the Government response to the Equality and Human Rights Commission inquiry, but it is positive that the issue is finally receiving the attention that it deserves, although of course it is a shame that this or any Government have to tackle it at all. Such horrific cases as the killings of Brent Martin, Steven Hoskin or Fiona Pilkington should assault our consciousness as a decent society and daily remind us how serious the situation can become if left unchecked. As the Equality and Human Rights Commission noted in its "Hidden in plain sight" inquiry, we need to look at preventive strategies alongside any legislative changes, ensuring that we nip in the bud such attitudes and behaviours before they escalate. We also need to address the wider geographical, social and economic factors, identified in the Commission's research, that can leave disabled people and others at greater risk.

A change of attitude in this country is vital. After all, it is not disabled people who create their oppression, it is others. As previously said, and as Sir Ken Macdonald so eloquently argued in one of his final speeches as Director of Public Prosecutions, we must overcome a prevailing assumption that disabled people's intrinsic vulnerability explains the risk that they face, an assumption unsupported by evidence. At best, that had led to protectionism, constraining rather than expanding the individual freedom and opportunity that greater safety and security should provide. Only by extending the same expectations of safety and security to disabled people as to everyone else can we truly address the deficits in our current approach and wake up to the need to act. I look forward to hearing the Minister's comments on those points as well.

I am a member of the Joint Committee on Human Rights. We are currently finishing an inquiry into independent living, which has looked at various aspects such as access to welfare, housing and employment and the differences in provision between different local authorities and nations. We have even had the Minister along recently to answer various questions about Government policy. However, I now realise that we have omitted investigation of a basic element. A constituent part of ensuring access to independent living is laid out in article 3 of the universal declaration of human rights:

> "Everyone has the right to life, liberty and"—

crucially—"security of person." What is clear from many of the dreadful examples that we have heard

today is that that security is put at risk daily by the criminal acts of a few, which are unfortunately tolerated by many more.

As a member of the JCHR, I have also taken note of the EHRC's endorsement of the mechanisms of the Human Rights Act 1998, which it says are essential for the protection of human rights in the United Kingdom. The EHRC also argues that the existing law is well crafted to balance Britain's international obligations with its constitutional conventions. In particular, the existing Act preserves parliamentary sovereignty and the role of British judges in interpreting the legislation, and has allowed many people to exercise their basic rights without the time and expense of taking a case to the European Court of Human Rights. I hope that the Minister can reassure me and other members of the Joint Committee that any revision of the Human Rights Act will not change that crucial lifeline for those who are disabled.

In conclusion, I welcome the issue finally receiving the attention it deserves. I await further concrete steps by the Government to deal with this hidden crime.

Mr James Gray (in the Chair): Order. I intend to call the Front Benchers at 10.40. Therefore, I call Mr Stephen Lloyd, assuming that he can constrain himself to that time.

10.35 am

Stephen Lloyd (Eastbourne) (LD): Thank you, Mr Gray, for allowing me to speak. I appreciate that it is far more important for the Chamber to listen to the Front Benchers, so I shall be very brief, which is a challenge, because I feel strongly about the subject. I have been very impressed by the speeches today, in particular those from my hon. Friends the Members for Blackpool North and Cleveleys (Paul Maynard) and for Edinburgh West (Mike Crockart). I want to focus on one area only.

What is incredibly important around disability hate crime is the use of language and how we approach it. I do not believe that Whitehall knows best. I shall give the Chamber a quick example to ponder. I remember a good friend of mine who is a wheelchair user telling me a few years ago the reason he hated being patronised far more than he hated someone being angry with or unpleasant to him. When he was patronised he felt shamed, and he did not know how to respond, which is perfectly normal. If I am patronised, even though I know the person is wrong, I feel shamed—that is human nature. He gave an example of being ignored in a restaurant, but his partner, who is not in a wheelchair, was addressed—he would feel that sense of shame. He said, "The thing is, Stephen, even though I did not like either, the advantage of when someone is unpleasant is that I feel angry, and that gives me a sense of empowerment."

That point might be a little counter-intuitive within such a brief discussion, but my real point is that I want the Government and all politicians across the piece who feel so strongly about the issue to be intelligent about it. We do not want to go back to what we had many years ago, when disabled people were seen only as victims, which was counter-productive and appalling. Disabled people have fought hard over the past 15 years to stop that. I want the Government to take it on board that this is about listening to how disabled people want them to deal with hate crimes. That will help them to achieve a much more productive and sensible way forward to nail this, rather than ever going back down the road of saying, "You poor disabled person, you are a victim and you just need protecting." That is not what the disability fight has been all about. Lord knows, I know, because I have been with it for 20 years.

10.38 am

Mrs Anne McGuire (Stirling) (Lab): I am delighted to be in the Chamber under your chairmanship, Mr Gray. I have known you for more years than either of us cares to remember, so it is a pleasure to find ourselves in this situation this morning.

I echo the remarks of others and congratulate my hon. Friend the Member for Stretford and Urmston (Kate Green) on initiating this important debate. I thank other colleagues—my right hon. Friend the Member for Coatbridge, Chryston and Bellshill (Mr Clarke) and the hon. Members for Blackpool North and Cleveleys (Paul Maynard), for Eastbourne (Stephen Lloyd), for Edinburgh West (Mike Crockart) and for South Swindon (Mr Buckland)—for their powerful comments. I also thank colleagues from Northern Ireland who participated in the debate. The question was asked about this being a UK issue; it is definitely a UK issue. Indeed, the Equality and Human Rights Commission report makes recommendations for the devolved Administrations, which I hope they will be able to pursue.

As others in the Chamber have said, it is to our collective shame as a society that we are having to consider such a report 11 years into the 21st century. We are supposed to be committed to a road map for equality for disabled people, yet we are considering a document that highlights the antagonism, harassment, assault and even murder inflicted on those whose only crime was that they were disabled and were therefore seen as a legitimate target by those who sought to harm them.

It is difficult to read the report without becoming angry about the fact that, after the passing of two disability discrimination Acts, an equality Act, the establishment of the Disability Rights Commission, which is now the Equality and Human Rights Commission, the signing and ratification of the UN convention on the rights of people with disabilities, the Autism Act 2009, the European convention on human rights and the Human Rights Act 1998, and the introduction of public sector duties, our society still sees disabled people being abused daily and regularly becoming victims of violent crime. That is the picture that has been presented to us in the report.

The lessons are stark. For example, public authorities such as police and social services have often been aware of harassment of individuals, but no action has been taken. Even when the harassment escalates, it is often the case that little effective action is taken to protect the disabled person, which often results, as my hon. Friend the Member for Stretford and Urmston said, in an escalation of the victimisation of the disabled person. When action has been taken, it has often been uncoordinated, with little exchange or intelligence sharing among those public authorities that were duty-bound to be part of the support network for the disabled person.

[Mrs Anne McGuire]

As has been alluded to, research shows that some 60% of disabled people have been the victim of some sort of hostility, violence or aggression from strangers. As the hon. Member for Blackpool North and Cleveleys said, there is increasing awareness that some disabled people are victimised and abused by people who are known to them. To echo the comments of my right hon. Friend the Member for Coatbridge, Chryston and Bellshill, it is particularly worrying that, according to Mencap, nine out of 10 people with learning disabilities have experienced such abusive behaviour, and there is evidence to suggest that such behaviour is on the increase. I will come to that later.

As my hon. Friend the Member for Stretford and Urmston said, the Equality and Human Rights Commission report says that disabled people are more likely to be victims of crime than non-disabled people. That reflects a pattern of disadvantage for disabled people in many spheres, including education, health outcomes and access to services. More worrying—I hope that we do not lose sight of this point—is the fact that many disabled people have come to accept that that is an unwelcome but almost inevitable part of their daily lives. What a devastating indictment it is that we have disabled citizens who believe that abuse and harassment, or worse, come with the territory and are things they must put up with.

I congratulate Mike Smith, lead commissioner for the Equality and Human Rights Commission inquiry, who was extremely challenging in his foreword to the report. His words are worth quoting:

"For me, two things come out of this inquiry that are far more shocking than the 10 cases that we cover in more detail, awful as they are. The first is just how much harassment seems to be going on. It's not just some extreme things happening to a handful of people: it's an awful lot of unpleasant things happening to a great many people, almost certainly in the hundreds of thousands each year."

That echoes the experience of the hon. Member for Blackpool North and Cleveleys, which is that even someone with his awareness found out that someone in his street was being abused. Mike Smith's second point was that

"no one knows about it. Schools don't know how many disabled pupils are bullied; local authorities and registered social landlords don't know how many antisocial behaviour victims are disabled; health services don't know how many assault victims are disabled; police don't know how many victims of crime are disabled; the courts don't know how many disabled victims have access to special measures"

and so on. That is the picture that Mike Smith paints today.

Although the cases are horrible individually, collectively they are truly horrific. Michael Gilbert was a young man with an undiagnosed mental health condition whose dismembered body was found near Luton. He was murdered after years of torture by the Watt family. He had been in contact with police on various occasions, but was never afforded the protection he deserved. Steven Hoskin was a 38-year-old with learning disabilities who was found dead at the bottom of a 100-foot railway viaduct in St Austell, Cornwall. He had been tortured for years before his death, and suffered various injuries inflicted upon him by people he knew. He had been tied up, dragged round by a lead, imprisoned, burned with cigarettes, humiliated, and violently and repeatedly abused in his own home.

One would think that going to the hairdresser was a safe activity for a disabled person. My hon. Friend the Member for Stretford and Urmston raised this matter and said that a young man did a normal thing and went to a hairdresser, but the hairdresser thought he would have a bit of fun at that young man's expense. Something that links back to the comments of the hon. Member for South Swindon (Mr Buckland) is the fact that although we may believe that the sentence was not adequate—I believe it was 200 hours of unpaid work, compensation and court costs—the magistrates increased it by using section 146 of the Criminal Justice Act 2003, which allowed tougher sentences for disability hate crimes. Police, prosecutors and magistrates won praise for the way they co-ordinated their action and used that provision. A little light was shed on the situation.

I ask the Minister to address the Government's responsibilities concerning the environment in which disabled people live their lives. We have heard a great deal about the cultural environment in which we work, and we have heard about the Scope report. We have not heard about the second part of the report, but it says that 65% of disabled people thought that others did not believe that they were disabled, and 73% thought that others presumed that they did not work.

Leaving aside the debate on whether the Government are on the right track with their welfare reform—that is for another Chamber and another time—the daily feeding to the media of press releases and distortion of figures, and the calling into question whether people really are disabled, has changed the landscape for disabled people. Glasgow university's monitoring report showed a dramatic increase in the number of media articles related to disability fraud. When its focus group was asked for a disability story, it typically came up with benefit fraud. Is it any wonder that we are seeing cases such as the one reported last week in South Shields, where Peter Greener, a wheelchair user with a brain condition, suffered months of taunts about being a benefit scrounger, stone throwing and harassment by his neighbour, who thought he was exaggerating his disability?

We have heard stories about the Secretary of State for Work and Pensions being enraged when he was told by his Department that no precise figures for the number of people with attention deficit hyperactivity disorder who receive free cars were available. The paper concerned had to correct the story the following week, at the prompting of not the Department, but a disability organisation. It does not help disabled people to live their lives when statements are made that disability living allowance is available just by filling in a form. The Minister knows, and I know, that that is not a true picture.

I say with the greatest respect—I exempt the Minister from making such outrageous comments; she has conducted the debate with a measured approach—that she should challenge some of the more outrageous and outlandish comments by some of her senior colleagues, because they are creating an atmosphere that is to the greater disadvantage of disabled people, and that causes fear and uncertainty in their lives.

We can have the debate about welfare reform, but we must ensure that the language—the hon. Member for Eastbourne referred to this—with which we discuss these issues is that of moderation, which recognises that

people have their own dignity, and that they are entitled to be treated with dignity and not be encapsulated in some cheap media headline.

I appreciate that the Minister has a very short time in which to respond. I look forward to that response and congratulate her and other colleagues on allowing us to have this important debate.

10.50 am

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): As always, it is a pleasure to serve under your chairmanship, Mr Gray. I commend the hon. Member for Stretford and Urmston (Kate Green) for securing this debate. It has given us all an opportunity to focus on this issue in what has been an extremely informed, lively and useful debate.

I will try to respond to as many issues as possible in the time that I have available. There is a great deal of ground to cover. My hon. Friend the Member for South Swindon (Mr Buckland) put his finger on the issue when he said that we need to change attitudes, as we saw happen for the victims of domestic violence. That brought home to me the issue that we need to deal with here. I absolutely agree with what he said.

In 2008, the then Director of Public Prosecutions said something that many hon. Members would agree with: the issue of disability hate crime is a scar on the conscience of the criminal justice system. It is important that we recognise, both within the House and outside, the magnitude of the problem that we face. Any form of discrimination against disabled people is absolutely unacceptable. Hate crime is a particularly disgusting and disgraceful abuse of disabled people, which has no place in civilised society. Working with disabled people and disabled people's organisations and raising awareness through debates such as today's is a way of trying to continue to change attitudes, which was a theme in hon. Members' contributions.

My hon. Friend the Member for Eastbourne (Stephen Lloyd) talked about the importance of the way in which we handle this matter. He made the important point that disabled people do not want to be treated as victims. Our starting point must be that disabled people have to be absolutely clear that they are adequately protected by the law. The hon. Member for Stretford and Urmston wanted to know about practical things that the Government are doing now. She is absolutely right that warm words are not enough, so I will cut straight to the quick.

We have made a commitment in our coalition agreement to improve recording, and we are delivering on that. I do not need to rehearse with the hon. Lady the work that we are doing in that area. We have also supported the work that Radar is doing to improve reporting across the country, and I am pleased that one of our staff from the Office for Disability Issues has been seconded to help in that work. We are also working with the Association of Chief Police Officers to ensure that it is doing all it can. We have heard from hon. Members today that there are more than 1,500 recorded disability hate crime offences. I think that that is the tip of the iceberg and we need to continue to work hard on that.

Several hon. Members, including the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke), the hon. Member for Stretford and Urmston, my hon. Friend the Member for South Swindon and my hon. Friend the Member for Edinburgh West (Mike Crockart), raised the issue of sentencing. I will take a couple of minutes to dwell on that, because it is complex. We have heard that we can perhaps learn something from Scotland, for which I thank my hon. Friend the Member for Edinburgh West. We are committed to ensuring that everybody has the freedom to live their lives free from the fear of targeted hostility or harassment on the grounds of a particular characteristic, including disability. On section 146, undue leniency and aggravating factors—issues that hon. Members have raised today—we are absolutely open to looking at how the law is working in practice, particularly around section 146 and any inconsistencies by the court. We are always looking at evidence that suggests that courts consider their powers insufficient to deal with such cases.

We will be considering carefully the recommendations of the Equality and Human Rights Commission and we will respond to them. I am pleased to note that the Under-Secretary of State for Justice, my hon. Friend the Member for Reigate (Mr Blunt), has already met Mencap and the National Autistic Society to discuss these matters in detail. I want to go one stage further for the hon. Member for Stretford and Urmston to underline my concern and commitment to ensure that we see action. I will undertake to meet the Under-Secretary of State for Justice and also Mencap and any other organisations that have an interest to ensure that we are delivering not just warm words but action in this area.

Hon. Members have noted the important progress that we have made with regard to sentencing. They may be interested to know that in September I wrote to the Under-Secretary of State for Justice to underline the need for change to resolve the issues around schedule 21. I was pleased that the Secretary of State for Justice was able to confirm the Government's intention to publish amendments in the other place, so that murders motivated by hostility towards disabled people will have the same sentencing starting point of 30 years as those aggravated by race, religion and sexual orientation.

My hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard) made an extremely impassioned contribution to the debate. I welcome his insight. He raised the issue of mate crime. Mencap's work in this area has been extremely helpful. Crimes targeted at disabled people by friends, relatives and carers are a significant challenge for the criminal justice agencies and the Government. I reassure him that the issue is seen as a priority.

I was pleased to see Mencap's "Stand by Me" charter. It is something that individual police forces and chief constables are able to support, and I encourage them to do so. Recognising hate crime and improving its reporting must be a continued priority. We have 19 organisations that work to support victims of hate crime. We have made sure that additional funding is available for the work that they do. My hon. Friend the Member for Blackpool North and Cleveleys referred to the organisation that I met with him in Blackpool and the excellent work that it does with the support of Stephen Brookes. I want to reiterate his comments.

Other hon. Members, particularly the hon. Member for Strangford (Jim Shannon), raised the issue of devolution and the importance of a UK-wide approach. Perhaps he will be reassured to know that the ACPO lead on

[Maria Miller]

hate crime is a Northern Ireland police officer. Although there are devolved issues in terms of crime and justice, ACPO is ensuring that we are all working closely together.

Hon. Members will know that the Equality and Human Rights Commission published its report in September. On the back of that report, I took the opportunity to write to relevant Ministers to underline my support for its work and to highlight the requirements of the public sector equality duty, which must be considered in their response. The recommendations are being considered at the moment and will be reflected in the cross-government action plan, which I am sure hon. Members will be pleased to know will be published early next year. It was important that we had the EHRC report to reflect on first.

I have demonstrated that there has been absolutely no pause in the work of the Government to tackle disability hate crime while the action plan is being considered. Indeed, action across Government continues to be critical, which is an issue that the hon. Member for Stretford and Urmston raised. I want to reassure her that we have important structures in place around the independent advisory group, which continues to advise across Government. We are also about to engage in a major new piece of work to look at how we can change attitudes towards disabled people, which was at the heart of much of today's debate. Over the next few months, I look forward to working with disabled people on those issues.

The right hon. Member for Stirling (Mrs McGuire) mentioned the portrayal of disabled people in the media. She and I are as one on this.

Public Service Broadcasting (North-East)

11 am

Chi Onwurah (Newcastle upon Tyne Central) (Lab): It is a pleasure and an honour to serve under your chairmanship, Mr Gray. I am pleased to have secured this debate, and I have a significant interest to declare. I recall Mike Neville explaining to me personally, or so it seemed at the time, what the posh word for a Geordie was: a Novocastrian. I remember learning the points of the compass—north, east, west and south—from the "Look North" weather map, before I was old enough to own a compass of my own.

Clearly, however, public service broadcasting in the north-east is about more than the memories of one Member of Parliament; it is an important part of the identity, culture and economy of the region. In its 2009 review, Ofcom set out the purpose of public service broadcasting, which included:

> "To reflect and strengthen our cultural identity through original programming at UK, national and regional level."

It characterised public service broadcasting:

> "High quality—well-funded and well-produced; original—new UK content rather than repeats or acquisitions; innovative—breaking new ideas or re-inventing exciting approaches; challenging—making viewers think; engaging—remaining accessible; and widely available,"

so that a large majority of citizens have the chance to watch it. Will the Minister clarify whether he stands by those purposes and characteristics of public service broadcasting? If he does, will they continue to apply to public service broadcasting in the north-east after the current round of BBC cost cutting?

The purpose and characteristics of public service broadcasting are also enshrined in the BBC's duties, and include:

> "To reflect and strengthen cultural identities."

The BBC, however, is not the only public service broadcaster; ITV, Channel 4 and Channel Five must also meet public service broadcasting requirements. My concerns about the future of public service broadcasting in the north-east therefore apply to private sector broadcasters as well as to the BBC. In addition, all broadcasters are subject to the broadcasting code, which also recognises the importance of regional and local identity.

In his reply to my letter expressing the dismay of my constituents at the portrayal of Newcastle in "Geordie Shore," Chris Woolard, group director of Ofcom, explained that cities could complain about how they were portrayed and that their individual identity should be recognised. However, despite long-standing lip service to the importance of regional identity and public service broadcasting, we have seen a steady diminution in its quality and availability in the north-east. The BBC now proposes further cuts in its "Delivering Quality First" consultation, and it is not an exaggeration to say that such cuts threaten the existence of public service broadcasting in the north-east.

In the past, commercial companies such as Tyne Tees Television were often the greatest champions of local culture and regional identity, by giving a platform to local music and drama, holding local politicians to account, and providing children's programmes, educational, artistic or comedy programmes—indeed, programmes of every genre. Local BBC stations would cover news,

sport, politics and documentaries, and support locally produced drama, resulting in a wide and diverse range of programming. I remember watching "When the Boat Comes in", "The Tube", "The Likely Lads", "Razamatazz", "Northern Life", "Auf Wiedersehen, Pet" and many other great examples of local content, as well as listening to a wide range of local radio programming. As well as reflecting regional culture back on ourselves, such diversity helped build local skills, thereby supporting a regional industry that provided high-quality jobs, and train the next generation of broadcasters.

Unfortunately, following consolidation in the television and broadcasting industry, and in the face of rising competition and falling revenues, regional commercial broadcasting has been much weakened. In 2009, Ofcom further reduced regional broadcasting requirements on commercial public service broadcasters. Some support for local television used to be available through Northern Film and Media, funded by the Film Council and the regional development agency, but the Government have now cut that support.

It is not therefore surprising that this summer, in Ofcom's latest assessment of the state of public service broadcasting, the criterion

"reflecting and strengthening our cultural identity"

scored the lowest marks ever. Only a third of viewers think that public service broadcasting channels do well in

"portraying my region well to the rest of the UK,"

and in providing

"programmes about my region or nation."

Roberta Blackman-Woods (City of Durham) (Lab): I pay tribute to my hon. Friend for securing this important debate; she is making an excellent speech. Does she agree that at a time when the north-east is suffering dreadfully from the economic downturn, it is particularly important that regional broadcasting is able to produce documentaries to show people, both in the region and elsewhere, what is happening? Regional broadcasting can also help to build on a lot of the good that exists in an area, and provide a good and balanced picture. Simply lumping the north-east with other northern areas will not do.

Chi Onwurah: My hon. Friend makes an excellent point. One great strength of regional broadcasting is that local broadcasters understand what is happening in a region such as the north-east, and can go further in identifying issues that are relevant to local people. That is especially true in the north-east at this difficult time. Media outside the north-east have a tendency to portray the area in negative terms—perhaps rightly given the disproportionate cuts that the area is experiencing—but that does not reflect the strengths and the entrepreneurial spirit that is a feature of north-eastern culture.

Against that background, the BBC has proposed the implementation of further drastic cuts to regional provision. The Secretary of State for Culture, Media and Sport has said that he is keen to support local television, but his proposals are—to be kind—not yet viable and not without controversy. There are major gaps in coverage—the city of Durham, for example, will have no local television coverage—and even in the best possible scenario, local services will not be running until after 2015. Does the Minister think that those local TV services will be complementary to regional public service broadcasting, or is he happy to weaken regional broadcasting on the basis that local TV will replace it?

If we accept the purposes and characteristics of public sector broadcasting as set out by Ofcom and if we consider the reductions in commercial regional broadcasting, the cuts to public support for local talent and the limitations of the local TV proposals, there can be no doubt that the existence of regional public sector broadcasting depends on BBC funding. However, the BBC cuts include, among other things, a 40% cut in investigative programming.

Mrs Jenny Chapman (Darlington) (Lab): I congratulate my hon. Friend on securing the debate. In the past, I might have complained that Darlington, in the south of the north-east, did not get its fair share of attention in regional output. That can only become more of a problem if the north-east is put together with places such as Crewe, Sheffield, Hull and Lancaster. Great as they are, they have nothing at all to do with what it is like to live in the north-east.

On investigative journalism, first-class work has been done by people in the north-east. I am thinking of issues such as that involving Southern Cross. That is particularly pertinent to me because the company is based in Darlington.

Mr James Gray (in the Chair): Order. Interventions should be brief.

Mrs Chapman: With your permission, Mr Gray, I will just finish the point. I think that some of the things that were exposed thanks to the BBC would not have been exposed had we not had that superb output, content and journalism in the north-east.

Chi Onwurah: My hon. Friend makes two excellent points. The first is that it is important to reflect the rich diversity within a region. The north-east is diverse, but it is much harder to reflect that diversity when we are looking at extended supra-regions that may cover half the country. Secondly, it is very important that investigative journalism has the scale and presence locally to be able to identify issues of great significance to local people's lives, such as Southern Cross, and to be able to invest the right local resources in tracking down the causes of the issues and ensuring that people are made aware of them. Therefore, the cuts to investigative journalism in the north-east are particularly worrying. "Inside Out" is the last remaining dedicated in-depth regional programme on British TV, and the North East and Cumbria edition has won Royal Television Society awards for the last six years running. However, it faces cuts that will see it lose 40% of its staff.

The BBC also proposes 20% staff cuts to local radio stations. That is about 10 jobs each in Newcastle and Tees. It means that programming will be shared across the entire north-east in the afternoons and across the whole of England in the evenings.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Before the hon. Lady leaves the investigative journalism issue, I want to reinforce the point that she is making. Very few

[Sir Alan Beith]

other organisations have the investigative journalist staff who can maintain the contacts and have sufficient local knowledge to do the kind of work that the BBC's "Inside Out" team has been doing.

Chi Onwurah: The right hon. Gentleman makes the excellent point that the investigative journalism supported by the BBC is essential to our ongoing understanding of what is happening in our region so that we can get to the bottom of many of the issues that will not be raised by national media.

I emphasise that cuts to local radio will have a disproportionate effect on older people. Many of them look to local radio for a sense of connection with their community. Ofcom has shown that older people are more likely to listen to the radio at least five days a week, with almost nine in 10 of those aged over 55 doing so. More than a third of Radio Newcastle's listeners are over 65.

The BBC also envisages a two-thirds cut in local weather presenters. Given the almost sacred position that the weather holds in the national as well as the regional psyche, the end of local weather reporting for much of the day seems deliberately designed to undermine local identity. It is ironic that the cuts are taking place as the BBC is moving many areas of coverage to BBC North in Manchester. We welcome the BBC's attempts to extend its presence from the capital, but I hope that the Minister does not need me to point out to him that for my constituents, Manchester is a long way south. Apparently, when Caroline Thomson, the BBC's chief operating officer, visited Newcastle recently, she was surprised to learn that it takes longer to get from Newcastle to Salford than it does to get from Newcastle to London; I am sure that the Minister is more familiar with the public rail network. I hope that he would agree that MediaCity, welcome though it is, should not be an excuse for reducing provision in the north-east. Equally, although I appreciate that "Tracy Beaker" and "Inspector George Gently" are made in the north-east, that is not an excuse for withdrawing quality investigative journalism.

At the meeting of the all-party group on the BBC on 3 November, Mark Thompson admitted that the proposed cuts take regional coverage to a bare minimum. Is that what the Minister wishes for public service broadcasting in the north-east? As it is, BBC audience appreciation levels fall the further we go from London and the south-east.

I therefore hope that the Minister will tell me whether he supports the objectives and characteristics of public service broadcasting as set out by Ofcom. Will he confirm that local TV proposals are not a justification for diminishing regional TV? Will he confirm that the people of the north-east should be able to expect quality and representation in regional broadcasting? Will he agree to do all he can to ensure that the BBC does not further undermine public service broadcasting in the north-east? The Minister may argue that that is the responsibility of the BBC and Ofcom. But it is he who is accountable to the people of the north-east for culture and media in the north-east.

Public service broadcasting in the north-east must be high quality, well funded, well produced, original, innovative, challenging, engaging and widely available programming that reflects and strengthens our regional cultural identity. That requires a minimum level of provision, and the proposed BBC cuts take us well below that. I hope that the Minister can promise the survival of good-quality public service broadcasting in the north-east.

11.17 am

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): It is a pleasure to speak under your chairmanship, Mr Gray, for what I think is the first time. I congratulate the hon. Member for Newcastle upon Tyne Central (Chi Onwurah) on securing this important debate on public service broadcasting in the north-east. I think that I have said this before, but I will say it again: she is a doughty champion for her constituents and for her region. She certainly does not need to convince me that Newcastle and the rest of the north-east are great places to live and work. I spent my summer holiday last year in Newcastle. This year, I did not have a summer holiday, but last year, when I did, it was in Newcastle. I also spent new year in Newcastle. I am a regular visitor to the Sage in Gateshead. The transformation of Newcastle and Gateshead in using culture to create almost from scratch a vibrant £1 billion a year tourism and inward investment industry is a great beacon to the rest of the UK. It is no surprise that on 5 December the Turner prize ceremony—I think that it will be televised—will be held at the BALTIC centre for contemporary art in Gateshead. Obviously, I do not have the extensive knowledge of the area that the hon. Lady and her hon. Friends have, but she certainly does not need to convince me of its merits.

We watched the same programmes when we were growing up. I fondly remember watching with my late father "When The Boat Comes In", with James Bolam. It was the Vaizey family's favourite programme. I am delighted to see that James Bolam's career has gone from strength to strength. I now watch him regularly in "Grandpa In My Pocket" with my five-year-old and three-year-old. Of course, "The Tube" also did so much to forge our cultural identity.

The hon. Member for Newcastle upon Tyne Central invites me to endorse the purposes of public service broadcasting, as set out by Ofcom. Given the tone in which she did so, I could not help but feel that she was somehow setting a trap for me, but I can see no reason not to endorse the purposes of public service broadcasting. Perhaps she invites me to—

Chi Onwurah *rose—*

Mr Vaizey: I thought the hon. Lady might intervene at this point. In that case, dot, dot, dot.

Chi Onwurah: I simply want to assure the Minister that no trap was intended when I invited him to endorse the important principles behind the purposes and characteristics of public service broadcasting. They are incredibly important at a time when the BBC's actions would seem to undermine them.

Mr Vaizey: As the hon. Lady rightly pointed out in her speech, it is not just the BBC that is a public service broadcaster, but ITV, Channel 4 and Channel Five. If she will allow me to go slightly off-piste, it is important to say that the Government have a communications

review under way, and we hope to publish a Green Paper early next year. In it, we will discuss the future of public service broadcasting, but it is certainly our intention, in principle, to maintain the public service broadcasting principles. It is interesting—I say no more that, and I hope Members will not read anything more into my words—to have a debate about the future of public service broadcasting in a digital age, when we have multiple digital channels and the internet. Our initial thinking is certainly that public service broadcasting remains an extraordinarily important cornerstone of UK content throughout the country, and we intend to reinforce the purposes of public service broadcasting in the Green Paper.

Most of the hon. Lady's remarks focused on the BBC and the cuts it is making as a result of the licence fee settlement. Obviously, I will put the positive case for what the BBC is doing. In the recent debate on local radio, which was well attended, with more than 50 colleagues present, I was intrigued to find myself being assailed by Labour Members for being a defender of the BBC, which is perhaps an unusual position for a Conservative Minister to be in. However, I will bow to no one in my defence of the BBC; it is the cornerstone of public service broadcasting in this country, and we are lucky to have it. It does a superb job. In fact, its commercial rivals—I am talking about not only Sky, but ITV, Channel 4, Channel Five and, indeed, some of the newspapers—express concerns to the effect that the BBC does its job almost too well, making it harder for them to make a living.

The BBC therefore does a fantastic job, but everyone is having to make savings, and when families up and down the country are trying to manage their budgets, this is not the right time substantially to increase the BBC licence fee. What the BBC does have, which no other media company in this country really has—indeed, very few media companies around the world have this—is certainty over its funding until March 2017. That is an important asset for the BBC, and it means that it can plan ahead. Let us not forget that the BBC also receives additional income because of the success of BBC Worldwide.

The BBC is therefore well funded, but it is having to make savings. As we know from the debate about local radio, which focused on the proposals in "Delivering Quality First", the BBC is looking to make savings of about 10% in local radio, if we take into account the cuts and the fact that the BBC wants to put more money back into programming. In that debate, I defended the BBC's approach in "Delivering Quality First", because I felt—and I still feel—that it has taken a strategic approach, and some of the changes that it proposes for local radio are based more on quality than cost cutting.

I must tell the hon. Lady and her colleagues, however, that that debate had a significant impact. I am not privy to the BBC's thinking or to any changes that it might be thinking of making, but I assure them that I think the BBC has listened to the concerns that were raised. I do not know what changes, if any, it plans to make, but it is certainly legitimate for hon. Members to raise such concerns, and I am pleased that the hon. Lady attended the meeting with Mark Thompson and Lord Patten, when they came to the House to discuss these issues.

On the specific changes in the north-east, my understanding is that there are no plans to stop providing an "Inside Out" edition for the north-east. There will be savings in that programme strand, because this is a regional programme that goes out across the country in different regional variations. That means that there will be a smaller team, and more items in specific programmes might be shared.

On local radio, my understanding is that Newcastle and Tees will have to share a programme on weekday afternoons. The hon. Lady also mentioned the weather report, and I agree that it is an important part of public service broadcasting. There will still be a specific evening weather report, but it is true that the BBC is planning to pre-record the weather report for the early-morning and lunchtime broadcasts on local radio and regional television.

The BBC has had to make some tough decisions, but it has done so in a way that shows that it wants to provide the best possible service for every region in the country. I think the BBC takes its regional responsibilities very seriously, and I certainly know from my conversations with the director-general over the years that he absolutely feels in his bones the need for the BBC to be a service for every licence payer, wherever they live in the United Kingdom, and he would be wary of any proposals that undermined that.

The hon. Lady mentioned the Government's proposals for local television, and she raises a good point. She mentioned concerns that local television might not be up and running until after 2015. We hope to have the first 20 stations launched in 2012, but if I am wrong about that, I will write to her to correct myself. I also understand—again, if I am wrong, I will write to her to correct myself—that Newcastle and Middlesbrough are among the locations that were consulted over the summer about the local TV framework and potential locations. An announcement will be made just before Christmas on where Ofcom intends to advertise local television licences.

Local television is potentially a revolution in public service broadcasting. It is there to complement the existing public service broadcasting framework, not to replace it. It is there to fill the gap that the Secretary of State felt very keenly, and which he worked on in opposition. Funnily enough, too many regional programmes, which many hon. Members have rightly defended in recent months, are still not local enough, and the Government think audiences would welcome ultra-local television.

On the other investment going into the north-east, the BBC has an impact fund, which is designed specifically to fund programmes in the regions, and it has funded 13 programmes in the north-east over the past two years.

The hon. Lady mentioned changes in the regional development agencies and in Northern Film and Media. I am delighted that Creative England has now been launched under the exemplary leadership of Caroline Norbury, and it has now received £5 million from the regional growth fund. It will maintain a presence in all the regions, and it will work with Northern Film and Media to ensure that investment opportunities exist for local independent production companies, video games companies and all the other high-tech companies that are so successful in the north-east.

One issue we have not covered, and which I often mention—this was an achievement of the previous Government, and I am happy to credit them with it—is the explosion in community radio, which was brought

[Mr Vaizey]

about by the Communications Act 2003. There are now more than 200 local community radio stations across the country, and I am sure many are also thriving in the north-east.

We still have regional quotas for all the public service broadcasters. When I talk to independent production companies in the north-east, they are keen to impress on me the importance of those quotas in ensuring that programmes are commissioned around the country.

The hon. Member for Darlington (Mrs Chapman) is now yawning, and the clock is flashing, showing that the debate is about to end. Those are strong signals that I have made the points I need to make and that it is time for me to sit down and conclude the debate.

11.29 am

Sitting suspended.

Credit Unions

[Mr Gary Streeter *in the Chair*]

2.30 pm

Damian Hinds (East Hampshire) (Con): It is a pleasure to see you in the Chair for this important debate, Mr Streeter. I know that we are competing against an Opposition day debate in the main Chamber and the appearance of Mr Patrick Vieira, so it is particularly good to see many hon. Members present. The subject matters to Members from all parties in the House. It is good to see at least four parties represented here already, with possibly a fifth quite soon.

I should declare an interest at the outset in that, like many hon. Members present, I am a member of a local credit union—in my case, United Savings and Loans, in Hampshire. I also chair the all-party group on credit unions, whose secretariat is provided by the Association of British Credit Unions Ltd.

The debate is timely, and that timeliness is to do with the making earlier this month of a legislative reform order that will come into effect in January. It is a key milestone enabler for the credit union sector that will boost the ability of credit unions to improve financial inclusion right across the piece. There are other timely aspects, such as the Government's recent announcement on the modernisation fund and the exciting possibility of linking up credit unions with the post office network. More broadly, the debate is timely also because of the focus that we have these days on debt at all levels—national, corporate and individual—and because of the desire to re-encourage a culture of savings at a time when 4 million households in the country have no savings at all.

Several related debates are taking place within Parliament, such as on capping the cost of credit, debt management companies and credit brokerage. While those are not debates for today, I would not be surprised if hon. Members brought up aspects of them.

Credit unions have a huge growth opportunity in this country. The sector has already seen substantial and rapid growth over the past decade—between 200% and 300%, depending on which measure we choose. The growth fund, which was introduced under the previous Government, was a big part of that growth. There had already been substantial momentum for growth, but the growth fund also enabled credit unions to reach out to a new category of clients and members. Credit unions in Britain now have more than 800,000 adult members and more than 100,000 junior savers.

However, on an international level, membership penetration of the population by credit unions in this country remains small—a low, single-digit percentage, compared with almost a third in the United States and Australia, and almost half in Ireland. Before I am corrected, I should say that when I talk about credit unions in Britain being small, I am referring to Britain, not the United Kingdom, because in Northern Ireland, as in the Republic of Ireland, credit union penetration is massively higher than it is in England, Scotland and Wales. Globally, there are some 53,000 credit unions, with 188 million members across 100 countries. This model is not some newfangled idea or experiment; it has a great international, long-term record.

We are here to talk specifically about credit unions and financial inclusion. It is important to note that when we talk about financial inclusion or exclusion, the subject is not quite as binary as those terms suggest. It is not that someone is either included or excluded, but that there is a scale in between. No one has no access to any financial service whatever. The scale runs from one end—people trading derivatives on personal accounts—to the other, which is people borrowing money from the sort of lender whose idea of a late-payment penalty is a cigarette burn to the forearm. The question is not whether someone is absolutely included or excluded, but what sort of financial services they can access and at what cost.

A great deal of progress has been made on the entry level of financial inclusion, which is having a transactional bank account. In 2002-03, 10% of households did not have a bank account, and the latest figures suggest 4%. That, however, is still one household in 25, or 1.5 million adults in 1 million homes. Disproportionately, such households are single households, households with single parents and pensioner households, and they tend to be at the bottom of the income scale.

Not having a bank account matters on a practical level. Figures suggest that people could save between £125 and £215 just on utilities in the first year, because they could use direct debit. Interestingly and importantly, such savings can be wiped out by bank charges, particularly behavioural charges for people who are more used to dealing on a cash-only basis.

Broader than the question whether someone has a bank account is how much they pay. Risk will always be priced into credit. Different people will always pay different prices. However, it remains the case that some people pay massively more than others. In credit and other sectors, there is still a significant problem in that the poorest pay the most.

The Centre for Responsible Credit recently produced a good analysis and report, showing how much more the poorest pay for their credit than we—people with access to mainstream credit—do. It found that for every £100 borrowed for infrequent purchases, such as white goods, the cost of credit for people with access only to high-cost credit was on average 2.5 times as much as for people who accessed mainstream financial services. For annually recurring items, such as Christmas presents and back-to-school purchases, that figure rose to 10 times: the cost was £7.80 per £100 borrowed on a Barclaycard, and £71.90 if someone borrowed from home credit providers.

We are not talking about small numbers of people, even though sub-prime and high-cost credit is not an issue that many opinion formers and journalists are particularly aware of because they do not see some of the issues. The leader in the home credit market has 11,000 agents calling weekly on one home in 20 in the UK to collect repayments. Payday loan companies have between 1 million and 2 million customers per annum, and the segment is growing quickly. The leader in the rent-to-own market has 245 stores nationwide, with an ambition to more than double that. With rent-to-own in particular, the question is not only the advertised annual percentage interest rate, which is high enough, but the hidden costs that go with that, especially on the mark-up of goods and the additional cost of service cover.

Across personal credit, particularly to the most disadvantaged, although we could argue that this extends far beyond them, much of the emphasis is not on what they can afford to repay, but on what they want. Combining that with extensions and roll-overs, too many of the poorest and most disadvantaged people in society find themselves in a seemingly never-ending trap of debt, from which it is difficult to break out.

How do credit unions address financial inclusion? On transactional bank accounts, credit unions offer current accounts, and I have such a card with me. There are 33,000 active accounts through 25 different credit unions. Credit unions also offer affordable credit. Interest on loans from credit unions is capped at 26.8% APR, which is a small fraction of what someone might pay to high-cost and sub-prime lenders. Importantly, credit unions must have a balance between savings and loans, so they encourage savings. They are personal, community focused and responsible, and perhaps most importantly, they have an ethos about helping people. They are run by and for their members and are truly co-operative, without a profit motive.

One of the most important development and growth areas for the credit union sector recently has been forging partnerships to reach out to people at risk of financial exclusion. That can be groups of people who would identifiably be at risk of exclusion and a broader group who would, at certain times, be at risk of exclusion. To help such groups, many credit unions work actively with local community organisations, ethnic associations and so on. Some excellent work is being done in prisons to help offenders to prepare for release, rehabilitation and work. Leeds City credit union, for example, is undertaking a number of such projects. Care leavers are an important segment. There is a new financial savings product for children in care, and I hope that credit unions will take the opportunity to work actively in that area.

There is also a broader group of people who, at different times in their life, will face the trigger points at which the risk of financial exclusion becomes that much greater. For example, those trigger points can come when a person is setting up their first home or moving into a flat for the first time. The temptation of going down the high street and seeing the furniture and the flat screen telly in the window of the BrightHouse store is a real danger point, because if someone gets into the trap then, it may take them years and years, or perhaps longer, to get out of it.

There are also those who, perhaps through a change in circumstance—a change in job or the breakdown of a relationship—suddenly find themselves in rent arrears, and the problem can build up and snowball. Organisations such as the London Mutual credit union do a lot of great work with housing associations on exactly that area. By coincidence, right now, in the room next to this Chamber, the all-party parliamentary group on credit unions is holding a fair that showcases some of those partnerships, including London Mutual's work with the Family Mosaic housing association.

Other types of partnership that credit unions engage in do something slightly different. Rather than just targeting people at risk of exclusion, they seek to grow to build up their self-sustainability and reach out to more people. An important way in which that can be done is with housing associations. Such a partnership is

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a great way to reach people—it is absolutely in the interests of the housing association that new tenants do not fall into rent arrears. They need tenants to become better at managing their finances and, ideally, to build up savings. Credit unions including my own, United Savings and Loans, do very good work in that area.

Payroll deduction schemes are another interesting and exciting development. They drive savings accounts, either through employer-based credit unions—credit unions can be community, employer or association based—or in partnerships. For example, we could see a community-based credit union partnering with local companies.

Richard Graham (Gloucester) (Con): I congratulate my hon. Friend hugely on securing today's debate and on his leadership of the all-party parliamentary group on credit unions. He mentioned the importance of the legislative reform order that is due to come in, and also alluded to the important role that housing associations can play in the spread of credit union membership, which we both agree is incredibly important. Does he not agree that there is a real opportunity for the National Housing Federation and the Local Government Association to go out there and encourage all their members to join their local credit union so that almost immediately the number of people across the country with access to loans and a place to deposit their money would increase sharply overnight?

Damian Hinds: My hon. Friend makes an important point. There is a great opportunity to expand the work between credit unions and housing associations. I hope that the number of those partnerships will increase greatly.

Some credit unions have been involved in payroll deduction savings accounts for many years. I had the privilege of visiting the Voyager Alliance credit union in Manchester. Based at the Stagecoach bus depot in Moss Side, the credit union runs a slick operation. When bus drivers and transport workers join the organisation, they frequently open a savings account from day one. Very small amounts go into the account from their wages. It is a bit like pay-as-you-earn in that they almost do not notice the deduction—well, they do notice it, but hon. Members know what I mean. Before they know it, a small nest egg has been built up, which is important for their financial stability.

The Police credit union does great work with a number of different forces. The Glasgow credit union, which is one of the most successful in the country, has 71 partnerships with different organisations to facilitate building up exactly this kind of savings account. The book on the power of nudge is required reading for all political anoraks these days, and we have talked about that mostly in the context of auto-enrolment pensions, but there is great potential for savings products as well.

Those are some of the things that credit unions themselves are doing, but as my hon. Friend the Member for Gloucester (Richard Graham) mentioned, deregulation of the sector and Government support are about to unleash a set of new and exciting opportunities.

Mr Andrew Smith (Oxford East) (Lab): I too congratulate the hon. Gentleman on this debate and on his wider work in this area. My intervention gives me the opportunity to praise Blackbird Leys credit union and Oxford credit union in my own area. Does he not agree that there is scope to do more through the Post Office to reach out more widely to communities across the country?

Damian Hinds: I agree with the right hon. Gentleman. That is the single most exciting potential opportunity for the sector, and I will come to it shortly.

The key piece of deregulation, and what makes this debate particularly timely, is the passing of what in the credit union movement is known as the LRO. Politicos, however, prefer the longer title of Legislative Reform (Industrial and Providence Societies and Credit Unions) Order 2011, which is an awfully long phrase to get one's head around. It is very important to the sector and has been an awful long time in the making. When speaking to credit union groups, we always get a groan when we say, "Soon, the LRO will be with us." I am pleased to say that the order has now been passed and will be with us in the new year.

There are three critical elements to the LRO. First, there is the liberalisation of the common bond requirements. Traditionally, there has to be something in common between the members of a credit union. Although that has some advantages, it is also restrictive of growth. In future, credit unions will be able to open up membership to residents of a local housing association, which may have tenants outside the common bond area, or to employers who may have different branches and operations elsewhere. It will also help to facilitate the growth of the strongest credit unions, thus helping to serve more people.

The second key element is the capacity to pay interest on savings rather than the traditional dividend. The divvy, as it is known, has many advantages. However, it is rather difficult to explain, especially if someone is trying to persuade people to put their savings into a particular product. They may say, "Well, it depends how much money is left at the end of the year and then we will divide it all up and you will get whatever you get." When a credit union is trying to compete in the market against individual savings accounts, it needs to be able to demonstrate a competitive rate. In future, it will be possible for credit unions to do that.

The third important change is in the type of members. It will be possible for credit unions to engage with not only individuals but organisations for a portion of their business. I do not think that we will see many large plcs suddenly starting to bank with their credit union, but it will work for local community groups, not-for-profit groups, small traders and so on that keep relatively small, but not totally insubstantial, positive balances in their account.

On a wider basis, we could say that credit unions have the potential to be the banker to the big society. Importantly, these changes are enabling; they are not compulsory. Three-quarters of credit unions intend to extend their membership base as a result of the changes.

What are the critical success factors for credit unions to be able to promote financial inclusion? We have to look at that on two levels: individual credit union and system-wide. For an individual credit union, scale is needed. It then needs a proportionate cost base so that it can run a surplus. It needs a good mix of savers and borrowers and income groups. To be successful, credit

unions cannot just be for the most disadvantaged; they need a good mix. MPs and our local media can play an important part by encouraging more people to put a proportion of their savings—it does not have to be all—into credit unions in the knowledge that they are totally safe and that they will be doing some good in the local community.

On the system-wide level, scale is again at the top of the list of success factors. Alongside that are awareness, visibility and accessibility. Credit unions suffer on that count at the moment. Not as many people are aware of credit unions as they are of the sort of organisations that can afford to advertise constantly on daytime television. Credit unions need attractive, competitive products and substantial, robust back-office processes and interfaces.

Mr Andrew Turner (Isle of Wight) (Con): My hon. Friend is drawing our attention to a number of issues; one of which I am aware is that the Isle of Wight credit union died earlier this year and was helped to amalgamate with the Hampshire credit union. We were greatly helped by the Financial Services Authority, and of course the local people were helped too, but it is important that people should feel some local connection. We do not need huge credit unions that go all over the country.

Damian Hinds: My hon. Friend makes a fine point. There will be variety. One of the things that sets credit unions apart is having something about them other than just being a financial institution, and that aspect will absolutely continue. However, these deregulatory changes will also enable stronger credit unions to grow and reach out to more people.

The other thing that can facilitate great change, improvement and growth in the sector is the modernisation fund of up to £73 million, which the Government are making available to help credit unions that can expand to reach self-sustainability in four to five years. I know that Ministers are considering a feasibility study on this issue, and whether and how best to use that money. There are some ways that Government capital can make a big difference. First, it can help the sector to develop a common banking platform and business processing. The sector has already demonstrated its potential for doing that with the credit union card account and the credit union prepaid card.

Secondly, as has been alluded to already, there is the possibility of linking credit unions with the Post Office, marrying a huge, trusted, visible and, for most people, accessible network with financial services from credit unions, which currently suffer from not having that presence. Thirdly, there is the development of the brilliantly named Jam Jar budget account, which is all about helping people to mimic the way that our mums and dads' generation organised their finances. They had a jar for the rent, a jar for this outgoing, a jar for that outgoing and then they knew what they had left. It is a lot harder to know that these days. I mentioned some of the bank charges that people can incur, particularly in the first year they have a transactional bank account and move away from operating on a cash-only basis. Of course, that is of particular interest at the moment, not least because of the Government's ambitious welfare reform programme.

There is another idea that I want to throw into the debate. It is not something that the sector is calling for, but I want to see new and innovative ways for people right across the country who may not have an immediate association with a credit union to put part of their investment portfolio through something like a social ISA, to hook them up with opportunities with credit unions and perhaps also with community development finance institutions or other social enterprises, social impact projects and so on.

We want growth in the sector and we want more financial inclusion, but we have to note and accept that particular costs are associated with inclusive growth. I am not a banker—thankfully—but to oversimplify things hugely I suggest that there are three key cost drivers to extending credit: the first is the riskiness of the customer base; the second is the term, or length, of the loan; and the third is the cost of collecting repayments. On those criteria, operating in the sub-prime segment of the market and reaching out to riskier types of customer, particularly with small loans and shorter-term loans, carries an additional cost.

Credit unions are known as an affordable option; that is what makes them so attractive. Their 26.8% APR limit is absolutely key, but the thing that we perhaps do not speak about often enough is that the limit has limits and it restricts what credit unions can do. With the growth fund, credit unions were able to reach out to a more excluded segment of the market. For the people that process helped, the savings have been quite substantial; there have been total savings in interest of more than £100 million and there has been a big drop-off in that group in the use of high-cost credit. However, for the credit unions themselves it is a costlier segment of the market, which is part of the reason why we have seen an erosion of the growth fund over time. Of course, with the growth of payday loans in particular it is especially difficult—actually, it is mathematically impossible—for credit unions to compete with organisations that are able to charge an APR in the thousands per cent, when credit unions themselves are capped at an APR of something less than 30%.

Some of the increased costs may be mitigated by technology. Of course, part of the point of the social fund is that if there is direct benefit deduction it greatly reduces the cost of collection and the cost of default. Jam Jar budget accounts are another development that would help in that respect, as would different channel developments. Those developments may mitigate the increased costs, but they are not the whole answer.

The sector is not calling for a lifting of the 26.8% APR limit, but I am sure that some right hon. and hon. Members have heard from individual credit unions, as I have, that they would like a liberalisation of the limit. There are big perception issues around that question but we must keep the debate active, because even if the limit on credit unions was somewhat higher than it is today there would still be a huge gap between the APR of credit unions and the 272% that someone might pay a home credit provider, or the thousands of per cent to a payday lender.

In recent months, a wider debate about APR caps and restrictions overall has had quite a lot of currency in this place, although as I said earlier, that is not a debate for today. Suffice to say, however, that everything I know about economics tells me that a blunt general cap on APR would be a terrible idea for multiple reasons, with all sorts of unintended consequences. I know that the Government are actively engaging in

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debate and analysis of the issue, so perhaps it is possible to have a different sort of regime—a different structure to the restrictions—which would get rid of the worst excesses of the market without denying people access to credit altogether. Personally, I have been kicking around the idea of a double-restriction scheme, whereby there is a limit on the initial set-up fee and then a separate limit, or set of limits, on the interest rate charge, which would enable payday loans, home credit and all sorts of things to continue while getting rid of the worst excesses of the market. In that different way of thinking, it might also be possible to create a different sort of regime for credit unions, although I stress again that it is not something that the sector is calling for.

To conclude, credit unions can deliver in Britain on a much bigger scale than they do today; we have only to look to Northern Ireland for a model of what things could look like. Credit unions can also deliver greatly enhanced financial inclusion. Let us not forget the human angle: more stable lives, less pressure on relationships and families and, essentially, happier people. Credit unions can also target and reach at-risk groups, such as those leaving care or ex-offenders.

Mr Gregory Campbell (East Londonderry) (DUP): I declare an interest as a fully paid-up member of the Society Credit Union in Londonderry. I congratulate the hon. Member for East Hampshire (Damian Hinds) on securing this debate. In his very illuminating introduction, he mentioned a couple of times the differing aspects of credit unions. That applies particularly to Northern Ireland, where credit unions are flourishing and have done so for many decades. He has already alluded to flexibility, but does he agree that any changes we contemplate need to be sufficiently flexible to allow for growth in communities where credit unions have been stunted and have not really taken root, while allowing credit unions in areas where they show significant growth to expand even beyond the reach that they have managed over many decades?

Damian Hinds: I certainly take, accept and agree with the hon. Gentleman's general point. There are very specific issues about the regulatory regime in Northern Ireland, but I am not an expert so I will not attempt to talk about things that I do not know enough about. However, I have a feeling that we may hear more about the Northern Ireland situation later in the debate.

More generally with affordable credit, if people are not overpaying for their loans it means that wages go further, and of course that has a beneficial marginal effect on employment and growth. Benefits go further too, and when taxpayers are paying out sums in benefit they want to know that it is going to support families and children, rather than being swallowed up in sky-high interest rates. Credit unions can also help to deliver a renewed savings culture.

I thank the Government for their support of the sector, their recognition of the role that credit unions can play in increasing and improving financial inclusion, and for their general interest in mutuals, especially in the wake of the banking crisis. I also thank them for seeing the legislative reform order through, for their boldness and ambition with the modernisation fund of up to £73 million, and their willingness to look at radical options, such as the Post Office link-up.

Inevitably, however, I also have some asks. First, I ask the Government to please provide a proportionate regulatory framework for credit unions in the post-FSA world. Credit unions should not be penalised for a crisis in which they played no part, and for which they share none of the blame. Secondly, it would be good to get further details of the modernisation fund, and to get the key projects under way as soon as possible. Thirdly, we ask the Government to understand the pressures, challenges and costs associated with reaching the hard-to-reach and, finally, to continue to work as partners with all levels of government to address financial inclusion, rip-off loans and the erosion of the savings culture, to help responsive and responsible financial services, and to further the cause of social justice that brought us all into politics.

3.1 pm

Chris Evans (Islwyn) (Lab/Co-op): The speech by the hon. Member for East Hampshire (Damian Hinds) was illuminating and informative, and his passion for credit unions came through. As treasurer of the all-party group on credit unions, I pay tribute to him for his work in raising awareness across all parties in the House of the good work that credit unions do. I declare an interest as a Co-op MP, and also as a member of Islwyn Community Credit Union, which, I am pleased to report, has this year lent £1 million to its members in Islwyn. That just goes to prove that, once again, for many people it is credit unions that are coming to the rescue for their financial needs.

There has been an explosion in credit unions in the past 10 years. In 2000, they accounted for £183 million of savings and that figure is now £475 million, and they lent £175 million in 2000 compared with £429 million now. That goes to prove the vital role the credit unions play in financial inclusion. To me, coming from the south Wales valleys—I will not use any of the colloquialisms or anecdotes I usually do—financial inclusion is the No. 1 issue.

I was pleased that the hon. Member for East Hampshire mentioned that credit unions often cannot compete with companies that offer massive amounts of interest because they do not have a budget for television advertising during "The Jeremy Kyle Show", "This Morning" or "Loose Women", for example. The other problem, which exists in the south Wales valleys as well, is a cultural one. People borrowing from doorstep lenders are used to the woman coming around at 6 o'clock on a Monday night and collecting.

With financial inclusion, we are looking at three issues. First, we must do something about the culture of door-to-door money lending. It is not just the illegal loan shark that we are all concerned about, but Provident, Shopacheck and obscure companies that we have never heard of. This might be outside the remit of the Department for Work and Pensions, but we need to start with financial literacy and do more to encourage credit unions in schools. When I was a kid, we had national savings, and we would save £1 a week. We learnt about the value of money and of saving, and we took the cash out at Christmas to spend on what we wanted. I pay tribute to Islwyn Community Credit Union, which has a scheme in Trinant primary school with more than 45 members. The scheme is a good advertisement, because the children are joining and then the parents are coming along and

joining as well—there is a collection point there. The question we must ask is: how do we promote credit unions? When we talk about credit unions, people even in this place do not seem to know what they do, so we have to do more about advertising.

Secondly, and again outside the DWP's remit, there is the issue of banking. I am a former Lloyds TSB banker, and when the fine Government initiative of the basic bank account was introduced, people working in the banking industry were not interested in it, because it never credit scored for products such as credit cards, loans, or even, to some extent, savings accounts. A lot of work has been done with that account, but I am still concerned that many people in my surgeries tell me about going to loan sharks and companies that offer exorbitant amounts. I ask them, "Why are you borrowing so much money off them when they are clearly ripping you off?" The problem is that they cannot access finance, even simple things such as overdrafts, which anyone might need. They are therefore driven into the hands of these lenders. I recently said to the British Bankers Association: "The way I view it is that there is a massive business opportunity there for you," and they replied, "The set-up costs would be so high it wouldn't be worth our while offering £500 or whatever." So we need to talk about the role that banks can play. Would there be a facility for banks to finance credit unions and to expand that in some way?

The third issue is that we often talk about financial inclusion as being an individual option, as something that seems to happen to an individual or a family, but there are a number of small businesses that cannot access any form of lending. They might be social enterprises and there might be no money in there. I would like to hear more from the Minister about the plans for community development finance initiatives, which lend to small businesses and social enterprises. How can we expand that and make businesses aware of the facility? I did not know what they were until I did some research, so how can a business know about them? We can look at increasing that awareness.

The hon. Member for East Hampshire said that we have an option here. We can support credit unions and make people aware of them. A great thing about living in Wales—I am from there, as is the hon. Member for Brecon and Radnorshire (Roger Williams), who is no longer in his place, and it is a great place—is that everyone has access to a credit union. We can look at the examples there and roll the idea out across the country. It does not really cost anything. If we do not do something now, particularly in these hard financial times when even people with regular jobs find themselves squeezed out, the only option will be to go to the high-lending companies. I agree in many respects with not fixing credit APR, because if we fix it all the other costs will be pushed down on to the consumer. There is an argument for capping the costs of lending, and we can look at things such as not having early repayment penalties and making loans more simplistic.

Another problem that credit unions suffer is one of image. People seem to think that they are only for the most impoverished, those who are cut off, but Islwyn Community Credit Union says that the vast majority of its members have jobs. The key is promoting credit unions to such people as a way of saving and borrowing, and promoting the idea that they are not just for people on benefits.

I have another moan—I am sorry if I am moaning a bit too much. This is an idea not for the DWP to respond to today but I hope that it will be taken back to the Ministry of Justice. When I worked in the bank, I had excellent customers who were paying their mortgage and loans, and I got a lot of business out of them. Then, all of a sudden, a county court judgment would appear on their file, and that would destroy the possibility of their having any facilities whatsoever. When I asked them what the CCJ was, very often they did not know because they thought that they had not defaulted or anything. On investigation, they found out that they were in dispute with Vodafone or Orange or over gym membership, for example, and that a CCJ had been put on them, but they knew nothing about it. It seems mad that somebody's credit record should be completely destroyed simply because of a dispute with a mobile phone company.

The Minister of State, Department for Work and Pensions (Chris Grayling): I am interested in what the hon. Gentleman has to say, and he is making an important point, but could I clarify something? I am a bit puzzled as to how someone in that position could reach the point of getting a CCJ against them without having received any notification. If that is happening, it is clearly a big concern.

Chris Evans: What I have found is that a lot of people have got into arguments with a mobile phone company, for example, because they want to end their contract. They say that they have paid 12 months, but the company says that they have paid only 11 months and that they need to make one more payment—it might be for a silly amount of, say, £30. The two sides have been arguing, but they have reached gridlock, and no money has been paid, so the phone company has threatened to take the person to court. Gym membership is another issue I have come across. People want to end their membership early, but they then get into a dispute with the gym. In many respects, it seems lop-sided that the company has sought a CCJ.

If a consumer is in dispute with a company over a payment, there should be some way of ensuring that the company cannot put a CCJ on them until the issue is resolved; I am talking about tidying up that part of the law. This is very important, but it is not talked about often, so it might be something to look at. These people can be good bank customers, but what can the bank do? It can go only on their credit record. I am not knocking the banks for that. I am asking why companies that should have no effect on people's credit rating are able to write people off in that way.

I have spoken for longer than I expected, but I believe passionately in credit unions and in expanding them as much as possible. I believe in relaxing the common bond, but I also think it is possible to have a central finance facility—these facilities are used all over the world—that credit unions could access. The Co-op party has told me that such an arrangement would cost about £10 million to £15 million, so it is not a lot. It would increase credit union membership from 750,000 at present to 2 million in five years. It would deliver

[Chris Evans]

100,000 new growth fund loans over five years. It is worth looking at that, and I hope the Minister will give us more information when he responds.

Let me end by thanking every member of the all-party group for showing an interest in this issue. In the economic times in which we find ourselves, financial inclusion really is the most important subject, and I thank everybody for turning up for the debate.

3.12 pm

Jackie Doyle-Price (Thurrock) (Con): I pay tribute to my hon. Friend the Member for East Hampshire (Damian Hinds) for introducing the debate and for his active championing of the credit union sector, of which everybody in the Chamber is a keen supporter. We are all grateful for the good work he does, and we support him.

I am a huge supporter of credit unions. Before I entered this place, I was employed as a consumer advocate in the financial services industry. The burden of debt and the misery that increased indebtedness causes are probably among the biggest consumer issues of our time. The credit union sector plays a key role in tackling the worst excesses and, perhaps more to the point, in preventing people from becoming overburdened by indebtedness.

It is fair to say that one of the biggest causes of indebtedness is excessive charges on unauthorised overdrafts and excessive credit card debt. That is fine if people can access mainstream credit providers. This is where we get into the real contribution that credit unions can make. Once some people take on the burden of debt, the only thing for them to do is to go to less mainstream providers, which charge ever more punitive rates of interest and, at their worst, involve levels of criminality. We all recognise the role credit unions can play in expanding the amount of affordable credit that can be accessed by people who need to borrow.

My constituency is served by a credit union called Essex Savers, and I want to highlight the partnership it has with the local authority, which has enabled quite a significant expansion of services. Essex Savers came to Thurrock only one year ago, but it now has four branches operating across the borough. It is an interesting example, because the local authority's support does not involve providing cash; it involves making the facilities the authority runs services from available to the credit union and making the staff who deliver those services available for a couple of hours a week to take deposits. That is really harnessing the voluntary aspects of the credit union and enabling a good partnership with the organisations of government. When they come together, they can be most effective. These days, when credit unions are looking for support, local authorities' immediate response is to say, "We're sorry, but money's tight. We can't help you." With a bit of imagination, however, Thurrock council has shown that it can give credit unions meaningful support. The growth in the number of accounts and loans that Essex Savers has delivered in Thurrock through its four branches in one year is nothing short of inspiring.

That arrangement makes perfect sense from a public policy perspective. As we know, debt is a contributory cause of family breakdown, house repossessions and bankruptcy, all of which lead to additional burdens on the taxpayer, and the problem is nowhere more acute than in housing. I would therefore encourage all local authorities to look at the example of Thurrock to see whether they can learn lessons about how to engage in meaningful partnerships with credit unions to tackle some of the negative consequences of debt.

We should recognise that this is the time of year when debt issues are at their most acute, because Christmas is approaching. I want to highlight the reality for many of my constituents. In the main, they are ordinary, hard-working people; we are not characterised by high levels of affluence. Let me take Members for a little walk down the high street in Grays. Midway down, we come across The Money Shop, which offers services such as pawnbroking or gold to cash. It also offers a payday loan at £9.99 per £100, which sounds reasonable, and it can be if people can pay it back within a month; if they cannot, they have no choice but to take out a fresh loan. Some customers find themselves taking out a fresh loan every month and end up paying APRs of as much as 260%.

I give that example because we are in November and in the run-up to Christmas, and people will be tempted to overextend themselves. That is particularly likely if they cross Grays high street to BrightHouse. At present, the company is offering a 42-inch Philips LED TV for £16.99 a month for three years. Closer examination shows the cash price is £1,196.36 but that, under the terms of the agreement, the customer will actually pay £2,650.44.

Such businesses have arrived in Grays only in the past three years, but they are thriving because people with poor credit histories just cannot access loans from banks any more and have no choice but to enter into such punitive arrangements, seduced as they are by weekly payments that sound affordable on the face of it.

That is why credit unions are so important, and access to affordable credit will help to tackle some of these issues. Credit unions are staffed by volunteers and owned by their members, and their customers access credit on terms that ensure they will not be exploited. We all need to do our bit to raise awareness of the facilities that credit unions can supply.

I congratulate the Government on the new order, which liberates credit unions from some of the legal constraints under which they operated. It is fair to say that the legal regime has been a barrier to enabling some credit unions to achieve financial sustainability. It is really positive that they will be able to get deposits from businesses and partnerships from now on. Ultimately, credit unions can lend only what they have in deposits.

I, for one, will be engaging in a campaign to encourage more people in my constituency to open savings accounts with the credit union there. As the hon. Member for Islwyn (Chris Evans) said, one of the biggest stigmas that credit unions face is the idea that they are only for poor people. The message I want to send out is that those of us who want, and are able, to save can make deposits with credit unions, in the full knowledge that we are not only building a nest egg, but making money available for a good social purpose.

Finally, having congratulated my hon. Friend the Member for East Hampshire, I look forward to hearing from the Minister what else the Government can do to support this important sector. The legislative reform order is obviously a move in the right direction. Credit unions will be able to take advantage of the freedoms,

to grow. However, the real challenge is for those that are growing to achieve sustainability, particularly when there are increased costs of complying with the FSA, audit requirements and so on. One of the keys to building sustainability in the sector is thinking about how we can engage credit unions to deliver some Government services, and make use of that facility to engage with the people who are hardest to reach.

3.20 pm

Mark Durkan (Foyle) (SDLP): It is a pleasure to serve under your chairmanship, Mr Streeter. I commend the hon. Member for East Hampshire (Damian Hinds) for obtaining the debate and for his good and active work as chairman of the all-party group on credit unions. I am conscious that the Minister who is to reply to the debate is from the Department for Work and Pensions because that Department has been closely involved—recently, in particular—in the long awaited LRO, which is so welcomed by credit unions in this country. However, without detracting from the positive points that have been made about the development and potential of credit unions in Great Britain, I want to highlight some points about credit unions in Northern Ireland. I am aware that there are in the Chamber not only officials from the DWP, but some with a relevant interest from the Treasury.

The LRO has long been sought by the credit union movement in Great Britain. It is great to see that advance, some of whose benefits were highlighted by the hon. Member for East Hampshire. Of course, that development, of itself, will not extend to credit unions in Northern Ireland, as he mentioned, so we have a little source of frustration. The Northern Ireland credit unions have spent many years campaigning to be able to offer as many services as their counterparts in Great Britain—their much smaller counterparts, both as to member numbers and savings. At a time when it looks as if that will now happen—at least the primary measure to permit it is coming with the draft Financial Services Bill—one frustration makes Northern Ireland credit unions a wee bit jealous: the LRO will further enhance what their counterparts in Great Britain can do compared with what they can do. Also, of course, there are issues to do with some of the details of the regulation that might come from the Financial Conduct Authority, courtesy of the Treasury's plans in relation to the draft Bill and associated developments. Issues of context and content arise in relation to the change.

As the hon. Gentleman and other hon. Members acknowledged, the credit union movement in Ireland at large is very strong. It has a long history, well rooted in communities. It is also particularly strong in Northern Ireland. The roots of my predecessor, John Hume, were in the credit union movement: not only did he help to found the movement in my constituency, but he led it in Ireland in the 1960s. In Northern Ireland, we have 163 credit unions, 103 of which are affiliated to the Irish League of Credit Unions. Those tend to be more mature; they have been longer in existence. Some 60 credit unions are associated with the Ulster Federation of Credit Unions. The Irish league has 370,000 members and there are 148,000 borrowing members with total savings of more than £700 million and total loans of more than £430 million, so, given the size of the Northern Ireland population, we are talking about something quite significant.

That is the situation while the credit unions are able to offer their members limited services—essentially just deposits and loans. The beauty of the measures that we hope will proceed—courtesy of the draft Bill and the consultations undertaken by the devolved Department and the Treasury in the past while, in response to the report to the Northern Ireland Assembly of an inquiry that I chaired—is the creation of at least the regulatory openings to allow credit unions in Northern Ireland to offer increased services. That is because some historic anomalies and legislative warps have limited what credit unions in Northern Ireland can do. They are not regulated by the Financial Services Authority. Therefore, they cannot offer services that are, by their nature, regulated by the FSA here.

It looks as if we may be coming to a path forward in that respect, but the credit union movement—both the Ulster federation and the Irish league—have concerns about the context and the detail of what is happening. The recent consultation was shortened to two months instead of three. People are worried that it has been rushed, and that although the changes that could be made afterwards have long been awaited, they may take place relatively quickly, before credit unions have been able to prepare themselves properly, internally and externally, for their impact, and for all the requirements. There is no point imposing change that will add to difficulties and make life hard for busy and effective credit unions.

The federation and the Irish league are also concerned about the content of some of the changes. Some of the proposed changes would take credit unions in Northern Ireland backwards in relation to existing functions. One is the planned reduction in the maximum deposit limit. Credit unions in Northern Ireland have a maximum deposit limit of £15,000. It was raised to that amount in 2006, because it needed to be. The proposal is that under the new arrangements it will be scaled back to £10,000. That will affect 48 credit unions in Northern Ireland, in which there are already people over that savings limit. That is entirely consistent with the culture of credit unions, which is about encouraging thrift through growing savings. To ask credit unions to tell some of their savers that they must take money away seems perverse.

The credit unions that belong to the Irish League of Credit Unions also offer, essentially, a free life-savings insurance service to their members. Whatever the value of a member's savings on death, a multiple of that will go to their next of kin. Therefore, imposing the new limit will mean a significant change in the benefit that credit unions can offer their members.

Mr Nigel Dodds (Belfast North) (DUP): The hon. Gentleman is right to point out the issues affecting credit unions in Northern Ireland, and I agree with him. I have received representations on the issue of borrowing, as have several hon. Members, and it is clear that members' borrowing ability will be adversely affected, with the effects that he suggests. In the case of Northern Ireland, which has such a mature credit union movement, would it not be a good idea for the FSA and the Government to consider the best examples of what has happened there and perhaps import those, rather than imposing what is suggested for Great Britain on Northern Ireland?

Mark Durkan: I accept what the right hon. Gentleman says. Any changes proposed now should be about allowing and encouraging credit unions in Northern Ireland to go forward, not taking some of them backwards, and expanding their platform, rather than restricting the space in what they offer their members. He has made the point that the deposit restriction has a consequential effect, in some ways, on borrowing. Another issue, although I shall not go into it here as time does not permit, is the limit being imposed on unsecured loans. Given that there is such a high rate of saving and very healthy savings levels in credit unions in Northern Ireland, that restriction also seems perverse in its consequences.

There is also a proposal to limit the investment maturity period for any surplus sums that credit unions invest. Many credit unions in Northern Ireland are investing them very prudently, sometimes on three, four or five-year terms. The changes proposed by the Government would limit them to one-year deals. In the circumstances, the logic of Government policy should be about encouraging long-termism, prudence and sound investment in savings, so it seems perverse that credit unions in Northern Ireland are being told that they will no longer be allowed to follow the good and effective practice in which they have been engaging for years, and that they will have to move to a more varied and less reliable pattern of dealing with investments.

There are also issues with the transition to the new arrangements. Traditionally, credit unions in Northern Ireland have been registered with and regulated by the Northern Ireland Department of Enterprise, Trade and Investment, albeit for a limited number of services. Credit unions belonging to the Irish League of Credit Unions and the Ulster Federation of Credit Unions have enjoyed their relationship with DETI. They have confidence in its officials, who have important insight and rapport.

During any change or transition to the Financial Conduct Authority, given that it will involve new things, as will the new regulation for credit unions in Northern Ireland, it will be important to have a strong support programme in place. The devolved Administration should support that, but I also hope that the Treasury and DWP will be sympathetic, because the kinds of measure that we want during the transition and development period are akin to the sorts of support that the Department has been happy to give to members of the Association of British Credit Unions Ltd and credit unions in this country.

I wanted to take advantage of the debate, secured by the hon. Member for East Hampshire, to set out some of the concerns. The story of credit union development in Northern Ireland has been good and strong. We could be on the threshold of something positive, but there is a danger that unnecessary detail will detract from that potential.

3.31 pm

Tracey Crouch (Chatham and Aylesford) (Con): As always, Mr Streeter, it is a pleasure to serve under your chairmanship. I congratulate my hon. Friend the Member for East Hampshire (Damian Hinds) on securing the debate.

The hon. Member for Islwyn (Chris Evans) spoke passionately about financial literacy. He might be interested to learn that a young lady doing work experience with me this week is watching the debate from the Gallery. She told me before we came to Westminster Hall that, as part of her enrichment class, she has just studied the role of credit unions. I have no idea what an enrichment class is, but the fact that it is studying credit unions is a fantastic way to ensure that youngsters learn about a variety of sources—

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): The hon. Lady makes an important point. Does she agree that it is important that credit unions can operate from an early stage in schools and involve young people much more directly than by simply learning about them?

Tracey Crouch: I agree. As many providers as exist should be entitled to teach children about the variety of sources of financial awareness. I have been to primary schools in my constituency and seen big banks supporting financial education programmes, which I think is fantastic, but we should get as many people in there as possible.

I proudly declare, like many Members here, that I am a member of a credit union: Kent Savers, the county-wide credit union. I am also soon to be a member of Medway credit union, which covers part of my constituency. Like others, I am passionate about tackling high-cost credit, lending and financial inclusion, and see credit unions as part of the answer. That stems from my experience of living the high life in London as a young graduate and stupidly running up debts, from which I was saved by my bank manager, and of representing a constituency that has pockets of deprivation and associated personal debt problems.

In the current economic climate, we must pay particularly close attention to how much debt people take on as pressure inevitably increases on household budgets. As Members of Parliament, we have a duty to promote accessibility to fair and equitable credit, particularly, although not exclusively, for those on low incomes. That is why I share the enthusiasm for credit unions and believe that we must raise their profile. I am sure that I join many hon. Members here in having done so through local media.

I have met representatives of Kent Savers and Medway credit union, the latter as recently as last Friday, and have learned a great deal more about credit unions' services, benefits and duties. Northern Irish Members will be interested to know that they spoke favourably of the credit unions in Ireland and Northern Ireland. One director is from Ireland and is helping to bring that experience to Medway.

As a mutual, a credit union has an ethos of responsibility and inclusion—traits especially welcome in Medway, which, sadly, has problems with unmanageable debt. Responsibility and inclusion go hand in hand and are crucial features in running credit unions fairly and equitably. Much is admirable in credit unions' ability to open up opportunities to take out reasonable loans for people on low incomes or with bad credit history. The alternatives, as I have found in Medway, are far less appealing. As in the constituency of my hon. Friend the Member for Thurrock (Jackie Doyle-Price), several high-cost credit lenders have set up shops prominently situated on busy high streets. They are the antithesis of credit unions.

Consumers took out £1.9 billion in payday loans last year, which is £500 million more than in the previous year. That trend is a concern and it is broadly reflected in the Medway area. Shockingly, at the local citizens advice bureau recently, a record £3 million in unsecured personal debt walked through the doors in one week. I have since been informed that loans and the interest associated with payday lending account for a worrying proportion of that £3 million. That is a great shame, and I have campaigned against it as a local Member of Parliament.

Such businesses deal in large sums of money and small print. They are identifiable by their glossy shop fronts, but they offer less attractive interest rates, targeting people on low incomes who are in financial difficulty. Sure, if they pay back the loan in time, the rate might be lower over 30 days than a high street bank's overdraft charge, but the very fact that someone has gone to a payday loan company rather than a bank might indicate that they are a credit risk. No controls are placed on borrowing—a remarkable difference from credit unions.

The emergence of payday loan shops on high streets and the accessibility of easy credit on the internet appear to offer a quick fix. It might be financial inclusion of a sort, but the reality of high-cost credit is very different. It can be irresponsible on the part of the lender and self-defeating for the consumer, placing them deeper into debt and excluding them from accessing the lending market in the future, which credit unions do not do.

On Monday, I was pleased to note the Government's response to the consumer credit and personal insolvency review. I was particularly encouraged to learn that they will consider the possibility of imposing a variable cap on the cost of high-cost credit that can be charged in the short to medium-term high-cost credit market, while talking up the credentials of credit unions as an alternative.

It is worth making the point that credit unions are more than just a lending service. To take out a loan, members must first commit to saving, which is an equally important feature of managing their finances. Given that only 20% of people in the UK reportedly put aside money each month, more clearly needs to be done to encourage saving. Credit unions offer a great opportunity to help to reverse that trend with a more innovative method of depositing cash, receiving a dividend and earning the possibility of taking out a loan. By committing to saving, members provide a cushion for those unexpected emergencies that we hear so much about from payday loan lenders, while avoiding astronomical interest rates.

I learned last week that Medway credit union is developing a Christmas savings scheme that encourages members to put aside money for Christmas essentials. Christmas is an expensive time of year. Given the pressure on families to spend, the temptation for those on low incomes to buy now and pay later is strong. However, under the scheme, reserves gradually built up over time will be on hand to cover the cost of the festive family season and steer families away from alternative high-cost credit. Most importantly, what makes the Christmas saving scheme attractive is that it is secure.

Credit unions have an important role to play for older people, who are often financially excluded. I have spoken before in this Chamber about my concerns for the financial welfare and education of our pensioners. Financial difficulty is not limited to younger generations seeking loans to cover rent, bills or insuring the family car. I read a worrying report called "Debt and generations" commissioned by the Consumer Credit Counselling Service, and I urge hon. Members to read it. It revealed a minority of older people with extremely high levels of debt and a notable number of older households with high repayment-to-income ratios.

For instance, 12% of over-55s have a repayment-to-income ratio of 30%, compared to only 9% of those aged 18 to 24. Also, a great many older people are less able to mitigate the effect of an unexpected bill or change in circumstance. A reduction of just £50 to their monthly income, for example, doubles the likelihood of the oldest age groups becoming financially vulnerable and, potentially, taking out costly loans to meet the shortfall. I think we all agree that it would be far more preferable for older people faced with those difficulties to approach credit unions instead.

I am conscious of the time, so I will finish by saying that the Government have taken some welcome steps with the legislative reform order and other measures. I think we all welcome those steps and I look forward to reading the Government's study, to which their formal response on consumer credit alludes, on credit unions and how they will be encouraged to grow and prosper.

3.40 pm

Stephen Timms (East Ham) (Lab): I am delighted to see you in the Chair, Mr Streeter. I congratulate the hon. Member for East Hampshire (Damian Hinds) on securing the debate, on his work chairing the all-party group on credit unions, and on his thoughtful and well informed observations at the start of the debate. His constituency and mine have similar names, although they are rather different places. We both, however, have constituents who owe a great deal to their local credit unions. I will touch on that during my remarks.

We have had friendly societies for a long time, since the early 18th century, when the chaos of the period brought the need for the greater security that mutual action was able to provide. The idea of working co-operatively to ensure that people are provided for in times of want and have a secure haven for their money, drawing on the resources of the community, continues to be very important.

The previous Government made a number of widely supported changes to enable the development of new dynamism and opportunity to the credit union and mutual sector. We recognised that the way the law treated credit unions in a number of respects was holding them back. That was the reason why, in 2002, the previous Government brought credit unions under the regulatory aegis of the Financial Services Authority. The hon. Member for Isle of Wight (Mr Turner) gave a good example in his intervention of that arrangement working very well. The hon. Member for East Hampshire was also right to sound a cautionary note about some of the risks for credit unions in the current re-regulation process.

The previous Government then took steps to enable credit unions to modernise while retaining what has always made them unique, starting with permitting them to communicate electronically in 2007, which was previously not allowed. We also committed to looking at how to reform the legislation on their membership,

[Stephen Timms]

and that was the background, in 2008, to what became the Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2011, which will modernise the common bond and which has been widely welcomed during the debate. I note, however, the cautionary observations made by the hon. Member for Foyle (Mark Durkan) about the possible effects in Northern Ireland.

It is clearly right that as communities have changed, so the restrictions that the common bond places on credit unions should change, too. Allowing businesses, housing associations and social enterprises to become partners with credit unions reflects the reality of communities today and the opportunities in them.

It was not just the previous Labour Government who introduced changes to the sector. Both the former Member for Bournemouth West, Sir John Butterfill, and my right hon. Friend the Member for Croydon North (Malcolm Wicks) tabled private Members' Bills, which helped the sector by reflecting the extent of consensus and support. Like others, I hope that the Minister will make some favourable observations about the prospects for the imminent implementation of the legislative reform order.

Partly—perhaps largely—as a result of support given to the sector by Government, there has been significant growth in the size and scale of the credit union movement, particularly over the past decade, in terms of numbers and of the amount saved, as my hon. Friend the Member for Islwyn (Chris Evans) rightly pointed out. I pay tribute to the work of the Association of British Credit Unions in supporting the sector and its consistent and effective effort on behalf of credit unions. Recent unaudited data from the association note that credit unions grew by nearly 15% in just the first six months of 2009, which reflects what was happening elsewhere, I guess, in the financial services industry.

In Westminster Hall last week, I set out the case of my constituent who was about to start her university course and was unfairly denied a bank account after she became a victim of fraud when her card was stolen. She was only able to take up her university place because the local credit union, NewCred, of which I too am a member, as are other Members, was willing to offer her an account. Because she had run into problems with her bank account, a reference was made to CIFAS—the credit industry fraud avoidance system—which meant that she could not get an account from any bank at all. NewCred was the only institution able to offer her an account, and had it not been for that she would not have been able to take up her place at university, because she would not have been able to receive her student loan cheque or have an account for it to be paid into.

Like other Members, I hope that the Minister will be able to confirm the continuation of his Department's funding for credit unions. That has been a valuable source of support over recent years; the hon. Member for East Hampshire mentioned the figure of £73 million, which has been spoken of in this context. I also hope that the Government will support credit union access through the Post Office, to which my right hon. Friend the Member for Oxford East (Mr Smith) drew attention during an intervention.

I echo the appeal made by my hon. Friend the Member for Islwyn for the creation of a central finance facility. He has talked about the cost of setting it up, but as he said, such a facility is widely used elsewhere and it is estimated that consumers will have significant savings in credit costs if such an arrangement can be put in place. It might also provide a mechanism to release more than £1 billion in the Post Office card account float, which could be lent to social fund customers, as well as providing, as my hon. Friend said, the potential to significantly increase the size of credit unions. Is the Minister able to say something about that?

One major disappointment is the missed opportunity—many of us felt this—in relation to Northern Rock. My right hon. Friend the Member for Croydon North raised the issue of the extension and expansion of the mutual financial sector in his question to the Prime Minister earlier today. We have not really received an explanation of why the option of a member-led remutualisation, which was proposed by the Co-operative party, was not accepted. There are some big questions to be asked about the sale of Northern Rock. When will the Minister and his hon. Friends publish the advice of United Kingdom Financial Investments Ltd and Deutsche Bank, so that we can see exactly why a mutual Northern Rock was ruled out? I know that the Treasury said that remutualisation would have meant gifting value currently held by the Exchequer to members of the new mutual, but we have not been told whether the Treasury is gifting £250 million of Northern Rock's existing equity to Virgin, or what the difference in principle is between those two exchanges. A mutual Northern Rock would have been very attractive.

Members have rightly touched on other aspects of financial inclusion and exclusion. My hon. Friend the Member for Walthamstow (Stella Creasy) has made great strides in advancing the argument for a cap on interest rates in the UK, and there are pros and cons to that proposal. Before the election, as I recall, the Conservative party pledged that there would be a cap on excessive store card interest rates, to protect the public and help prevent people from falling into problem debt. I was present at an event at the Barbican where the former Parliamentary Private Secretary to the Chancellor, the hon. Member for Chelsea and Fulham (Greg Hands), said that the cap would be the firm policy of the Conservative party, and it subsequently appeared in a policy document. Will the Minister let us know what the plans for that measure now are?

I welcome the strong support expressed for the credit union sector in the debate. The growth of the sector has been greatly helped by Government support in the past decade or more. I, with others, hope that the Minister will be able to confirm today that support will be maintained, and that the sector will have the potential to expand further in the period ahead.

3.50 pm

The Minister of State, Department for Work and Pensions (Chris Grayling): It is a pleasure to serve under your chairmanship, Mr Streeter. It has been an extremely informed and useful debate. I congratulate my hon. Friend the Member for East Hampshire (Damian Hinds) on securing it, on the extensive work that he has clearly done chairing the all-party group, and on his involvement in the credit union fair today. It is with fortuitous timing that we debate this issue at the same time as the fair, which showcased the valuable work of credit unions. There is a greater focus on both events as a result, but I

particularly pay tribute to my hon. Friend and his colleagues for their involvement in the fair—a sign of hon. Members not just talking, but acting—and showcasing work by a sector that we all agree plays a very valuable role in our society, particularly in tackling debt, which can be a massive burden on lower income families.

One of the consequences of the credit crunch is that it is now more difficult for families on low income to obtain credit. The consequence can be to trap people in poverty, which makes it more difficult for many people to improve their work situation, as it constrains job search activity and makes financial planning much harder to manage. Of course, it also denies people access to certain types of job; for example, those that include handling cash are not necessarily available to people with poor credit records. It means that people have more demands on their finances, more to lose if something goes wrong, and are therefore perhaps more cautious about changing their financial situation; for example, by leaving the relative security of the benefits system and moving into work, even though we all know that once they are established in work, they are much better off in the long run.

We are dealing with the problem of debt that entrenches people in poverty. We know that those on low incomes are at the greatest risk of ending up in debt and, as a result, are often the least equipped to cope with it. One of the principal causes of debt for those on low incomes is that the majority have few or no savings. When an unexpected financial pressure occurs—an essential household appliance stops working; for example, the fridge breaks down—they have to resort to borrowing to make ends meet. However, they are treated as high-risk borrowers by the financial services sector and have to pay a high price for their credit. We have heard very articulate arguments this afternoon about the problems that can create, and about various lenders in the marketplace. My hon. Friend the Member for Chatham and Aylesford (Tracey Crouch) made valuable points about the risks to families on very low incomes and the huge price that they can pay for access to some of the things that those who are able to access mainstream financial services find easy.

Credit unions offer a valuable alternative service. By working within communities and helping those most in need of support, they help people to manage their financial affairs. Hon. Members play a valuable role. It has been interesting to hear how many of them give active support as members of their local credit union. As the right hon. Member for East Ham (Stephen Timms) said, successive Governments have supported credit unions and directly helped the sector to grow. We are keen to continue that support in a sustainable way; we believe that it is important. That is why we have agreed to continue providing support from the growth fund while we carry out a feasibility study into how we should help the sector to develop in the future. We have allocated £11.8 million to continue to support credit unions and other community financial institutions in this fiscal year. We want credit unions to continue to be part of the financial services landscape.

We also have a duty to ensure that credit unions operate efficiently and offer a good range of services to a wide range of people. Many credit unions are run at a loss. Many do not offer the same range of products and services. Many cannot provide services that are available in another part of the country. We have heard much about the legislative reform order this afternoon. As I am relatively new to the issue, I had not followed the extensive process to the degree described by my hon. Friend the Member for East Hampshire, but the order is there. It is happening. It will help to improve coverage.

The amendment to the Credit Union Act 1979 effectively opens up membership of credit unions to new groups, such as housing association tenants and employees of a national company, even if some of those people live outside the geographical area served by the credit union. It was either the right hon. Member for Oxford East (Mr Smith) or the hon. Member for Islwyn (Chris Evans) who pointed out that it is important for credit unions to spread their umbrella over a wider area than they do at the moment. My hon. Friend the Member for East Hampshire made a point about credit unions becoming the bankers of the big society. He is correct to say that there is potential to drive deep into the heart of the communities that they serve.

Mr Andrew Turner: I want to point out, and I am sure that the Minister would agree, that the people who run credit unions have made a great contribution. When the Isle of Wight credit union ceased to exist, the new amalgamated credit union of Hampshire and the Isle of Wight did a great deal of work, which was carried out by individuals voluntarily in the constituencies.

Chris Grayling: I pay tribute to all those involved. This is the essence of the credit union movement, and indeed the essence of the co-operative movement as a whole. If I have one regret politically, looking back over history, it is that the co-operative movement found itself on the left of politics rather than the right. The co-operative spirit has much in common with the spirit that we on the Government side of the House represent. Many of the changes that we are putting in place are designed to try and encourage people to work together. Within the credit union movement, we find that writ large.

As a result of the changes in the review, credit unions will be able to pay a guaranteed rate of interest on members' savings. We hope that will help them to attract more savings, and so make more affordable credit available in the community. We also want them to do more. We want them to look to the future, reach out to offer new products to many more potential members, and work to provide the services that landlords and their other partners want. We need them to become more efficient, better known and more attractive—effectively, to move to the next level of potential for the credit union movement.

Credit unions need to reduce their costs, increase their capacity, and operate more efficiently by sharing back-office activity. The right hon. Member for East Ham asked a question about that. The creation of a central financial wholesale organisation for credit unions is being examined by the feasibility study, which is looking at a wide range of different options. It is being led by a project steering committee, supported by the Department for Work and Pensions. I am pleased that the issue of Jam Jar accounts was raised. Financial products such as Jam Jar accounts are very much part of the study.

Mr Andrew Smith: I am very grateful to the Minister for giving way. He mentioned the feasibility study and the welcome agenda of work it is addressing. Can he give us any indication of when the study is likely to report?

Chris Grayling: As the right hon. Gentleman knows, the study is being chaired by Deanna Oppenheimer of Barclays bank. She has just finalised her report with her team, and the recommendations will be presented to Ministers shortly. We hope to be able to make that information available to the House before too long. We have not seen the report yet, but there will not be long to wait. Clearly, that restricts some of my ability to provide detailed answers to questions raised today, because these are matters that will be in the report. However, I hope that it will provide a clear blueprint and a clear direction of travel for the sector for the future.

We are bringing credit unions into Jobcentre Plus offices to try to create a greater link between credit unions and the work Jobcentre Plus is doing for the unemployed. The committee consulted the Post Office on its potential role working in partnership with credit unions. That could have benefits. A number of hon. Members made the point that such a partnership would be valuable. We will know more when the study is published.

We regard the sector as enormously important. We want to see credit unions grow and develop in an effective and efficient way, delivering support to those in debt at the bottom end of the income scale, driving to the heart of communities, attracting savings from a broader range of people and sources, and absolutely at the heart of what we hope to deliver for local communities and, as my hon. Friend the Member for East Hampshire says, the big society, through the community groups that will give support right across the country.

4 pm

Sitting suspended for a Division in the House.

Morocco

4.6 pm

Dr Andrew Murrison (South West Wiltshire) (Con): It is a great pleasure to serve under your chairmanship, Mr Streeter.

The UK and Morocco go back a long way, and it is my great pleasure to have this opportunity to discuss the Government's policy towards one of this country's greatest friends and allies. Fortunately, unlike France and Spain, Britain has avoided the acquisitive behaviour that so complicates their history with Morocco, with a single, brief exception in 17th-century Tangier. Our amicable relationship has been enhanced recently by the appointment of King Mohammed VI's esteemed and able cousin, Her Highness Princess Lalla Joumala Alaoui, as ambassador to London.

In 2013 arises an opportunity to cement the relationship further, with the 800th anniversary of the first official contact between the two countries. In 1213, King John sent an emissary to petition support from Sultan Mohammed Ennassir. It would be a great pity if that opportunity were lost, and I am interested to hear what proposals the Government have to celebrate the occasion or, if they have none, whether they will give the matter some serious thought.

On Friday, Morocco goes to the polls, and they will be keenly watched in the South West Wiltshire constituency, a division with more Moroccan residents than any other outside the M25. The election will cement the "new constitution project" for a citizen-based monarchy, accepted in a referendum with a remarkably high turnout on 1 July. A polling station for that was set up in Trowbridge in my constituency, which I had the great pleasure of visiting. The new Parliament will have the task of giving statutory expression to the will of the people as expressed in the referendum. The way it conducts itself will be important in facing down the critics, the more considered of whom cite scope for interpretation of caveats to the clauses in the new constitution, the reliance of the new constitution's articles on what are called organic laws, which have not yet been written, and recourse to special commissions chaired by the King to determine much of the change anticipated.

It is important to set the context for this year's historic referendum and general election. Morocco has, to a large extent, stood apart from the violence and disorder of the Arab Spring. The present King, Mohammed VI, has ruled for 12 years and is generally credited with liberalising his country and shifting it towards a constitutional democracy within the historic and religious constraints of a society that remains deeply conservative and traditional. His regime contrasts sharply with that of his father, Hassan II, who presided over the post-colonial period during what became known unflatteringly as the years of lead. It is significant that King Mohammed, early in his reign, pardoned thousands of prisoners, set up an arbitration body to compensate families of opposition leaders who had disappeared and caused credible elections to take place. There has been a marked improvement in the position of women, with a quota for the Parliament that will be the envy of many in this House. The rights of women have been enhanced by the King's family law, and he has insisted that the Berber language should be

taught in primary schools, a measure that complements his move towards regional autonomy in Morocco, including western Sahara.

In June, King Mohammed laid out his proposals for the referendum. The King surrendered his right to appoint a Prime Minister and uprated the status of the premier to Head of Government, with the consequent right to dissolve Parliament. The King lost the right to appoint regional leaders. The new constitution endorsed by the referendum explicitly upholds human rights, promises religious freedom, prohibits torture, backs freedom of thought, opinion and expression, permits free assembly and peaceful demonstration, and should facilitate a more free press. It calls for gender equality, and gives the minority Berber language official status.

There is an interesting version of the separation of Church and state in the differentiation of the powers of the King as Head of State and as commander of the faithful, which may be of interest to those in the UK who are concerned about the established Church, and the Monarch as supreme governor. The proposals overhaul the judiciary, and even offer an ombudsman service, but reaction in the west has been mixed, with *The Economist* leading under the mean-spirited headline, "A very small step". However, it is, without doubt, a step in the right direction, and one that I am sure the Minister will support.

Perhaps because of the peaceful evolutionary change that is under way in Morocco, the country has avoided much of the mayhem seen elsewhere in north Africa. It is true that there were significant protests in Moroccan cities early this year, but as far as we can tell, they were less intent on regime change than in other countries involved in the Arab Spring. The relatively few protestors who took to the streets of Rabat, Tangier and Casablanca in the run-up to the general election focused on the Makzhen or palace elite. That is said to represent a road block to reform, which organisations such as the Brookings Institution maintain is happening too slowly. If there is a criticism of what is going on in Morocco at the moment, it usually involves the rate of change, rather than the direction of travel.

As for the protests organised by the 20 February organisation and so on, it is difficult to know what significance to assign to them, given that Morocco is caught in a pincer between economically inspired unrest in Europe and the Arab Spring in north Africa and the middle east. It is also reasonable to point out that stridency among émigrés, which is generally a barometer for unrest in troubled countries, has certainly not been experienced in respect of Morocco. I get the feeling from my Moroccan community, many members of which return regularly to Morocco and certainly have family there, and through the British Moroccan association to the Moroccan Community Association, whose meetings on the parliamentary estate I attend, that the reforms that are under way are welcomed and appropriate.

In recent years, there has been significant security and judicial co-operation between Morocco and the UK. Clearly, the ungoverned spaces of the Sahel present a threat to the west, and desertification makes it more likely that populations will move north. The Government of Morocco give every indication of appreciating the threat that that poses to peace and concord within their borders, and the danger of being seen as a repository of criminality threatening southern Europe.

In the summer, the Foreign Secretary and the Moroccan Foreign Minister, Mr Fassi Fihri, signed a memorandum of understanding on deportation on the grounds of terrorism and national security, but the detail was left out. Can the Minister explain the practical consequences of the memorandum now, how he sees it developing, and within what time scale?

It has been reported that the streams of intelligence from north Africa have reduced in recent years and months, probably as a result of political developments, the disappearance of old lines of communications with, thankfully, vanishing regimes and general chaos in the region. If so, it means that Morocco's significance has increased. Indeed, attacks in Casablanca and Marrakesh and the involvement of Moroccan nationals in the 2004 Madrid bombings notwithstanding, terrorist activity in and linked to Morocco has been limited, and commentators have suggested that that is due in part to effective intelligence gathering and co-operation with western agencies.

I appreciate that the Minister cannot be specific in this forum, but can he comment on the development of intelligence co-operation with Morocco? As Tehran continues to act as the bully boy of the middle east, what significance does he attach to Moroccan good sense in cutting off diplomatic relations with the monstrous Iranian regime in 2009 after it started to spread its fundamentalism to the peaceful and moderate Sunni kingdom?

There are major threats to Morocco from challenging frontier security issues, and difficult-to-regulate migration. The barely governed space of southern Algeria, Mali and Niger, and vast area of the western Sahara offers a potential nest to fundamentalist terror organisations, including al-Qaeda-affiliated groups. To what extent does the Minister believe that Morocco's ability to engage in intelligence and security has been degraded by the Binyam Mohamed episode?

Although the UK does not provide direct bilateral aid to the western Saharan people, the European Commission's humanitarian aid office certainly does. The UK provides direct assistance to help to promote stability and to alleviate poverty in sub-Saharan Africa, and I was informed before the election that the Government were working on the EU to direct EU stability instrument funding to help to address the security situation. Can the Minister offer a progress report? What progress has been made in establishing a new embassy in Mali and political offices in Mauritania, as heralded in January 2010 by the then Minister of State at the Foreign Office?

The previous Government showed interest in the Moroccan imam training scheme in marginalising the religious fundamentalism that is the cause of so much trouble elsewhere. The scheme was exploring whether UK imams might train in Morocco, and I wonder whether there has been any progress on that.

In 2010, the House was informed that bilateral defence activity was "modest but important", and the most significant seems to be Exercise Jebel Sahara, which is run regularly in the region of Marrakesh. Can the Minister say how he anticipates bilateral defence activity being developed, and for what purpose?

Helped by Morocco's association agreement with the EU, the EU accounts for 60% of Morocco's exports, 80% of tourism receipts and most of its large income

[Dr Andrew Murrison]

from foreign remittances. Given the strong prospect of a double-dip recession in the eurozone, depression in southern Europe and the country's wide and growing trade deficit, it seems likely that the pressures on Morocco from the young, educated unemployed will increase with every chance of an escalation in civil unrest and potential for terrorists to feed off poverty and grievance. Morocco is a relatively small trading partner for the UK, in contrast with, for example, France, but what measures are being taken to improve trade in goods and services between the two countries, and how does the Minister believe that might help to avoid the turmoil elsewhere in the region with its attendant security threats?

In January, I had an Adjournment debate on the western Sahara, when the Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North East Bedfordshire (Alistair Burt), responded. Can the Minister provide an update on the Government's contribution to steering this central issue for sub-regional stability to a safe place? What has Baroness Ashton and the portentously named EU External Action Service been up to? If we must have it, it might as well do something useful in the EU's near abroad, which the western Sahara most certainly is.

Voting arrangements for the Moroccan elections this Friday are based on Moroccan ancestry, rather than residency or citizenship. That means that a large Moroccan ex-pat community is potentially involved, although the arrangements are rather more complex than for the referendum held in the summer. There is certainly confusion at the bewildering array of parties on offer, and I regret that the very good polling stations that we saw for the referendum will not be available again on Friday. Nevertheless, I am sure that the Minister will take a keen interest in the outcome and in the Government who emerge, who will be headed for the first time by a Prime Minister who can be said to be truly head of the Government.

In a similar vein, the Minister will have noted that at the Inter-Parliamentary Union assembly at Berne in October the Speaker of the Moroccan House of Representatives, Mr Abdelwahed Radi, was elected president. Will the Minister join me in welcoming this important totemic step as Morocco moves towards a commendable new settlement based on constitutional democracy?

4.19 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr Henry Bellingham): It is a pleasure to serve under your chairmanship, Mr Streeter. I congratulate my hon. Friend the Member for South West Wiltshire (Dr Murrison) on securing this debate and thank him for the work that he does as chairman of the all-party group. I am aware of the exemplary way in which he represents a large part of the Moroccan diaspora who are based in Trowbridge, where, historically, they worked in the food processing industry. I want to set out our approach to the internal and regional issues pertinent to Morocco before dealing with the key features of our bilateral relationship.

Morocco's determination to implement political reforms predates the Arab Spring. Indeed, the new constitution takes steps to increase the power of Parliament, advance gender equality and protect minority rights. My hon. Friend mentioned that the king himself has been very much involved with the issue of gender equality, which is to be applauded. We welcome Morocco's decision to ratify the optional protocol on the convention against torture, which shows seriousness in this regard. The parliamentary elections on Friday are the first to occur under the new constitution and have the potential to herald a new era in Moroccan politics.

The UK strongly supports the ongoing process of constitutional reform and looks forward to observing free and fair elections in Morocco. There is generally a good level of freedom of expression in Morocco, but, as my hon. Friend pointed out, there are still some restrictions, particularly in relation to criticism of the monarchy, Islam and Morocco's claim to Western Sahara. A number of high profile cases are a reminder that there is still more that the Moroccan authorities can do in that respect.

Our embassy maintains good, close working relationships with human rights institutions and civil society activists. It has run several human rights-related projects in recent years, including on penal reform and alternatives to the death penalty, and on supporting human rights institutions. Coupled with the reforms already being carried out, the recent constitutional change and Friday's election reinforces Morocco's reputation as a leader of change in the region.

While setting an example in the region on political reform, Morocco has a major role to play in regional stability. At a time of great historic change in the Maghreb region, the need for strengthened political, economic and security relationships across the region appears all the more pressing. An improved relationship between Algeria and Morocco is vital. I therefore warmly welcome the news that the Moroccan and Algerian Foreign Ministers met in Rabat last week; it was the first meeting at this level for 14 years. According to some experts, improved trade between Maghreb countries could double the impact of any concessions made by the European Union and United States. Enhanced regional co-operation could also contribute to a more favourable dynamic for the resolution of the status of Western Sahara.

I must also acknowledge the role played by Morocco in reaching out across the Maghreb to the wider region. In relation to Syria, Morocco did not hesitate to join the calls of the international community in condemning the use of violence against civilians. Its support for political change in Libya and high-level engagement at the Libya contact group formed an important element of Arab support for the National Transitional Council.

My hon. Friend mentioned Western Sahara. Morocco has demonstrated its ability to play a constructive role in the region, and we encourage Morocco to continue its efforts, particularly with regard to Western Sahara. We fully support the efforts led by the UN to encourage all parties to reach a mutually acceptable solution that provides for the self-determination of the people of Western Sahara. The kidnapping of European aid workers from the Tindouf camps is of grave concern and it raises questions about the safety of those in the Polisario-controlled camps, as well as the threat posed by al-Qaeda in the Maghreb across the Sahel. This incident also underlines the need to find a solution to secure the futures of the refugee population.

My hon. Friend asked about the EU's External Action Service. I assure him that we are in close discussions with the service. I agree with him that it is important that the service does not try to replicate what members of the EU are doing, but that it works in a symbiotic, complementary way and tries to add value to the work that they are doing rather than cutting across initiatives and diplomacy that are already in place.

I am pleased to report to the House that the UK is engaged in an open dialogue with Morocco and other parties to the frozen conflict. We are committed to working with the international community to try to find a successful resolution. We cannot forget the humanitarian tragedy caused by the continued stalemate between the parties, in some cases separating family members for more than 35 years. Morocco has made commitments to providing safeguards for the human rights of all those living in the disputed territory, as noted in the UN Security Council resolution 1979 in April. Our approach to the annual renewal of the mandate for the UN peacekeeping forces in Western Sahara remains under consideration. I encourage Morocco to demonstrate firm progress against those commitments well in advance of the Security Council discussions next April.

I hope that Morocco's recent election to a non-permanent seat on the Security Council will provide a special impetus in this regard. We look forward to working with Morocco to address all threats to international peace and security during its two-year tenure. We consider Morocco to be a close ally on complex regional matters, and we will be seeking its expertise and experience.

I will say a word or two about our bilateral relationship, which we regard as very important. Since Morocco's independence in 1956, UK-Morocco relations have grown steadily in importance. Today, nearly 400,000 British holidaymakers visit Morocco every year, and there is a renewed strength and impetus to the political relationship. The range and depth of our bilateral contacts reflects this. As a sign of our joint wish to deepen co-operation, the Foreign Secretary and the Moroccan Foreign Minister agreed a bilateral partnership agenda in March, setting out a number of key areas for closer working. Indeed, the Foreign Secretary made his first official visit to Morocco last month, demonstrating the importance that our Government place on this relationship.

In addition, the successful official visit of Their Royal Highnesses the Prince of Wales and Duchess of Cornwall last April signifies the strong civil society links between our countries. The Westminster Foundation for Democracy is involved in parliamentary exchange programmes, and the British Council has established links between 60 Moroccan and 40 British schools through the Connecting Classrooms project.

I will say a quick word about the Arab Partnership, one of the most pertinent areas of our Government's co-operation. This initiative leads the UK's strategic approach to the Arab Spring, working with those in the region to develop more open societies underpinned by vibrant economies. We are committed to supporting those aspirations. In Morocco, our focus is on political participation and transparency—areas that Moroccans themselves identified as key to the country's progress. Our programme, worth approximately £500,000, is providing targeted, rapid assistance in areas where the UK can add best value.

The Arab Partnership also works to leverage funding and support through multilateral organisations, particularly the G8 and EU, to provide a strengthened offer of support to the region. Morocco's commitment to reform has long been recognised by the EU. Indeed, it was the first near neighbour to achieve an association agreement in 2000 and an action plan for advanced status in 2008. As far as the EU's External Action Service is concerned, we will be working alongside it to make sure that this action plan for advanced status is moved into the next phase. The UK supports greater conditionality, both positive and negative, in the EU's relations with all its southern neighbourhood partners. As we move forward, this is an opportunity for Morocco to demonstrate, and be rewarded for, its internal reform efforts.

My hon. Friend mentioned judicial co-operation. The Arab Spring produced new opportunities for greater partnership. We have been working with Morocco consistently over a number of years and are reaping the benefits of a reinvigorated bilateral relationship. He mentioned the memorandum of understanding with Morocco concerning the provision of assurances in respect of people subject to deportation on grounds of national security. This MOU forms one component of a wider judicial package, and it will continue to be developed and moved forward. This will pave the way for greater co-ordination to ensure the protection of citizens. I can assure my hon. Friend that we are taking this very seriously indeed. We are pleased that the Foreign Ministers were able to sign the MOU in September. The final exchange of letters is ongoing but near completion, and obviously this forms part of a much wider judicial package to increase security and co-operation between our two countries.

Let me say something about security and co-operation. As well as harmonising our judicial systems, we have been directly co-operating with Morocco on terrorism and narcotics. The bombing of the Argana restaurant in Marrakesh last April killed 17 people, including one British national, and demonstrated the shared threat that our countries face from terrorism. We have a good record of co-operating with Morocco, and the Moroccan police investigating that incident conducted their inquiries in line with post-bomb blast management provided by the UK—a good example of close and constructive co-operation between our two countries. We also sent a special police unit to aid the investigation, and we are now looking at technical work to share expertise in the use of CCTV. I hope that has answered my hon. Friend's question about security and co-operation, and we will write to him on any additional points that may be relevant.

The security of Morocco's borders is of direct concern to the UK given the flow of illegal drugs and migration from west Africa into Europe. Many of the drugs that flow from Latin America into Europe come via west African countries and up through north Africa. The Moroccan authorities have publicly committed themselves to tackling the cocaine trade, and they have requested assistance from the UK and Spain to combat trafficking and terrorism. Such support is part of our enhanced security and intelligence co-operation, and we will give it added impetus in the immediate future.

As my hon. Friend will know, the Government have placed a great priority on improving commercial links with many countries, and no country is too small to

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prevent us from working tirelessly to increase bilateral trade. The UK will solve its economic problems only through the export-led recovery that the Prime Minister and Chancellor have talked so much about.

We are, therefore, looking to exploit future opportunities. Morocco is an emerging economy and we are focused on building up our bilateral trade. I am pleased that International Power has recently secured energy contracts to operate a wind farm and coal-fired power stations, and I hope that other British business will follow suit. My hon. Friend will be pleased to hear that UK Trade & Investment will take an outwards trade delegation to Morocco in January, and we also hope to restructure the Moroccan British Business Council and increase its effectiveness as a vehicle for creating vibrant business opportunities. We see Morocco as an increasingly attractive investment for UK companies—four UK law firms have established offices in Casablanca this year alone—and Her Majesty's Government can play a role in encouraging that trend.

As my hon. Friend said, Morocco is probably one of the most advanced countries in north Africa in terms of democratic reform, and the way to embed such reform is through trade and the creation of prosperity and wealth. The more ties based on trade that countries such as Morocco have, the more likely it is that the rule of law will prevail in the future and good governance will remain.

I hope that I have responded to most of my hon. Friend's points, and that he agrees that the UK and Morocco now have the opportunity to move forward together in a reinvigorated bilateral relationship. We must look at other ways of underpinning that already excellent relationship, and opportunities will flow from working together on the UN Security Council. As the Minister responsible for the UN, I have seen a number of small countries join the Security Council as temporary rotating members. If we engage with those countries at an early stage, we can work with them on a constructive basis—I refer in particular to countries such as Gabon, Colombia and Lebanon that have sat on the Security Council over the past year. We already had a fairly good relationship with those countries, but it is now even better. Working with them at a time of so many global challenges meant that we had to sit down together a great deal, look at our mutual interests and work together on many different international initiatives.

During his recent visit to Morocco, the Foreign Secretary spent time discussing the challenges and opportunities posed by Friday's elections at this exciting time with representatives from a range of political parties. The UK will continue to support Morocco and its people as they continue their journey of evolutionary political reform.

Freeview Channels

4.35 pm

Mr George Howarth (Knowsley) (Lab): I am last but not least, Mr Streeter. I am grateful for the opportunity to hold this debate. The mechanism for allocating channels is particularly important to the largest private sector company in my constituency, the shopping channel QVC, which employs more than 2,000 people nationwide, the majority of whom are based in Knowsley. Most of QVC's work force are based in the UK, even though the company could move elsewhere given the nature of its business.

Although it sounds complicated and will involve a lot of acronyms, the issue under discussion is quite straightforward. QVC's viewing figures and revenue are dependent on viewers being able to find it. As it stands, finding QVC is easy—as long as the channel remains the same—and it has 1.1 million loyal customers and many more viewers. Control of the channel number, however, rests in the hands of an organisation owned by its competitors. Such an arrangement could work with proper forward-facing regulation, but Ofcom does not actively regulate the process of channel allocation.

There have been three attempts to change the channel's location in recent years, and another is imminent. We know that channel changes can lead to loss of revenue in excess of 35% per home. If Freeview channels were retail premises, it would be the equivalent of allowing major supermarkets to move the location of a smaller competitor at will. The issue, therefore, is about fair competition and appropriate regulation, to allow this thriving industry to create and sustain UK jobs.

Mary Macleod (Brentford and Isleworth) (Con): I declare an interest in the debate because the headquarters of QVC will hopefully move to my constituency in the near future. My constituency is also the home of BSkyB, so I have an additional interest. On this issue, however, it seems that a group of companies is deciding the one thing that gives QVC its only competitive advantage and allows it to grow.

Mr Howarth: The hon. Lady made her point effectively and I will support her argument as my speech develops.

I have recently received helpful representations from the Interactive Media in Retail Group—IMRG—and the Electronic Retailing Association—ERA Europe. Both organisations support the case I am making today. The issue has a direct effect on QVC, but there is also a wider effect. Leaving aside QVC's 1.1 million active customers, independent commercial broadcasters in the UK form a successful and growing sector that employs 22,000 people. Some of those broadcasters are now commercially vulnerable due to the unfair and unclear regulatory situation in respect of the Freeview platform. The allocation of Freeview channels is important to the whole of the independent commercial broadcasting industry.

According to a communications market report by Ofcom, non-public service broadcasters have a 28% share of the audience in UK multi-channel homes. That is a not insignificant number. Research undertaken by Deloitte shows that members of the Commercial Broadcasters Association—COBA—invested £432 million during 2009 in original UK content. Another survey,

from 2008, showed that COBA members contributed more than £2.2 billion to the UK economy.

The Government recognise the importance of the sector and are currently undertaking a major review that is likely to lead to a new communications Bill. I welcome the rationale for that legislation, which I understand is to bring the UK's regulatory regime into the digital age and to ensure a communications infrastructure that supports growth and innovation while protecting the public interest and consumer choice.

COBA told me that

"one of COBA's fundamental principles is to support light touch regulation that benefits the whole market not just a few players."

That is why handling the allocation of Freeview channels is so important. It will signal the Government's intentions on fostering independent dynamic businesses in the communications industry and beyond.

Andrew Miller (Ellesmere Port and Neston) (Lab): My right hon. Friend is making extremely important points. Although I am not particularly familiar with the channel in question, I certainly believe that all regulation should work on the level playing field principle, and in the circumstances he has described, it clearly does not. That underlines a view that I have stated for many years and that I hope the Minister will think about when preparing his broadcasting legislation: Ofcom should have a much broader umbrella, covering all digitised services, so that at least there is a parent body that can deal with anomalies such as the one that my right hon. Friend describes.

Mr Howarth: I am grateful to my hon. Friend for that intervention. He is very knowledgeable on these matters, particularly on regulatory issues, wearing his hat as a Select Committee Chair. I hope that the Minister takes seriously the point that he made.

The Minister for Sport and the Olympics (Hugh Robertson) *indicated assent.*

Mr Howarth: The Minister nods; I am pleased about that.

As well as being the largest private sector employer in my constituency, QVC employs more than 500 highly skilled people in Battersea. As the hon. Member for Brentford and Isleworth (Mary Macleod) said, the intention is to move to Chiswick Park in 2012. Therefore, this issue does not affect just my constituency. The objective must be a fair, reasonable and non-discriminatory system for channel allocation, so that independent commercial broadcasters are not unfairly damaged.

Mike Weatherley (Hove) (Con): I thank the right hon. Gentleman for initiating the debate. Could he clarify the situation? Is he saying that the allocation of channels is driven by a commercial enterprise for its own vested interests, rather than being based on viewing figures for the likes of QVC, which may therefore be pushed down the list unfairly, as against those vested interests, in the allocation of the channels?

Mr Howarth: I am grateful to the hon. Gentleman. That is exactly the point that I want to make. I will come to it in a moment.

DMOL—Digital Television Multiplex Operators Ltd—which manages the Freeview platform and allocates channels, is owned and run by the public service broadcasters BBC, and ITV and Channel 4, as well as the infrastructure provider Arqiva. As mentioned previously, that is the equivalent of allowing a major retailer to decide where local independent competitors can site their operations.

Steve Rotheram (Liverpool, Walton) (Lab): Further to the intervention by the hon. Member for Brentford and Isleworth (Mary Macleod), is my right hon. Friend aware that ITV recently launched its own shopping channel, which adds more force to the argument about potential unfairness, because DMOL is partly owned by ITV? Does that not call into question what our hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller) mentioned—the level playing field?

Mr Howarth: Absolutely. I am grateful for that supportive intervention. I understand that not only has ITV moved into that market and put itself in direct competition with QVC and any other shopping provider by those means; it used QVC to pilot the operation of that new service. That adds force to the point that was made earlier.

The national and European trade associations share my concerns. They said in a submission to me:

"Businesses need certainty as well as fair competition. QVC's business is threatened by the current regulatory uncertainty around channel allocation and we call on the government and on Ofcom, to give some clarity so that UK firms, like QVC,"

can continue to serve their customers and grow their businesses. ERA Europe stated:

"Our members' future business in the UK is under threat from an uncertain regulatory environment regarding channel allocation on the Freeview platform and we urge the UK government and Ofcom to be more transparent in this most important area."

At the heart of the issue is the ability of the dominant players to allocate valuable channel numbers to commercial competitors without independent adjudication and due process. QVC is currently positioned on Channel 16 on Freeview. I note that my hon. Friend the Member for Ellesmere Port and Neston (Andrew Miller) said that he does not use QVC. If he takes the trouble to tune in to Channel 16, he might find some very useful bargains, but I will leave that up to him. He should remember that when he does so, he will be supporting jobs in Knowsley.

The issue is very important. Ofcom said in relation to DMOL that

"any regulatory issues would require consideration under the relevant multiplex licences. Pursuant to the Communications Act its activities are also subject to Ofcom's concurrent competition law powers under the Competition Act 1998."—[*Official Report*, 14 November 2011; Vol. 535, c. 497W.]

That quote is from a parliamentary written answer from the Minister.

Ofcom was in contact with me directly ahead of the debate. Its briefing sheds more light on the situation. It confirms:

"The multiplex operators are subject to regulatory requirements set out in the relevant multiplex licences, which include provisions to ensure fair and effective competition. Ofcom's formal role in relation to DMOL's listing policy is to"

consider "compatibility with our code" on electronic programme guides

[Mr George Howarth]

"and consider complaints from interested parties (including DTT"—

digital terrestrial television—

"licensees such as QVC). Pursuant to the Communications Act, DMOL's activities are also subject to Ofcom's concurrent competition law powers under the Competition Act 1998."

The problem is that those regulatory powers are in practice retrospective. They can apply only after the channel changes have been determined.

In relation to the electronic programme guide code, Ofcom informed me that it

"has considered from time to time whether it would be appropriate to review the Code, but has concluded on each occasion that there was no pressing need to do so. It is likely that there will be communications legislation within the next few years, and the government has indicated that it is minded to look at EPG regulation in this context. We would need to take this into account in considering the appropriate timing for any review of the Code...On behalf of multiplex operators, DMOL has initiated a detailed review of the DTT listings policies, including the criteria for how different types of channels should be listed in the EPG. It has completed a first round of consultation, and identified the need for a further consultation early next year, following detailed research it has commissioned into the views of consumers."

Given the likely threat to jobs faced by QVC workers, the statement about there being "no pressing need" is of some concern. Saying that the regulation falls within individual multiplex licences overlooks the fact that with the exception of the utility Arqiva, the multiplex operators are also dominant channel operators and indirect competitors of independent broadcasters.

Fortunately, there is an easy to implement solution, which I am sure that the Minister will be happy to hear. DMOL should be regulated in the same way as any other broadcast television platform. For example, the equivalent operation at BSkyB, to which the hon. Member for Brentford and Isleworth referred and which reaches fewer homes, has been regulated since the late 1990s.

That is not an argument for special treatment, merely one for a level playing field, as my hon. Friend the Member for Ellesmere Port and Neston put it, so that independent broadcasters can compete fairly with all channels, including the public service broadcasters. I accept that public service channels should have special prominence with preferential channel numbers, but the current policy and practice for allocating logical channel numbers on Freeview unfairly disadvantages independent commercial broadcasters and disproportionately benefits the channels operated by DMOL shareholders.

We all want to ensure that the UK broadcast market remains dynamic and successful. Channel allocation on Freeview is about economic fairness, business certainty, jobs, encouragement of investment and legal principle. It is also about the importance of a broad and diverse UK television market.

In conclusion, I ask the Minister to consider carefully the full implications of the current DMOL channel allocation system and its lack of transparency. I am sure that with good will and an understanding of the problem, the Government and Ofcom will between them be able to resolve the situation. In practice, that means asking Ofcom to ensure that DMOL is regulated in the same way as other platforms.

4.52 pm

The Minister for Sport and the Olympics (Hugh Robertson): First, may I say what a pleasure it is to be here under your chairmanship, Mr Streeter? Secondly, I thank the right hon. Member for Knowsley (Mr Howarth) for securing the debate and for the way he presented his concerns, which I absolutely understand. Thirdly, and in some ways most surprisingly, I apologise for not being the Under-Secretary of State for Culture, Olympics, Media and Sport, my hon. Friend the Member for Wantage (Mr Vaizey). I hope that this is the last time I have to do so. He is, of course, the Minister for the arts and the media, but he is away on ministerial business, and on his behalf, I apologise.

I welcome the opportunity to debate the issues regarding Freeview and the allocation of channels. The debate is particularly timely, because my Department is considering the regulation on electronic programme guides as part of our communications review.

The right hon. Gentleman talked about the importance of slots and the high-level listings on EPGs, and how that might impact on viewing numbers, and therefore indirectly on businesses, such as those in his constituency and the constituency of my hon. Friend the Member for Brentford and Isleworth (Mary Macleod). I absolutely understand QVC's position and the possible impact that any decision by Digital Multiplex Operators Ltd may have on that established company. QVC is a great British company. In 18 years, it has revolutionised home shopping in the UK and grown to have about 1,500 employees in the right hon. Gentleman's constituency and at least another 500 elsewhere.

The regulation of EPGs is, as the right hon. Gentleman correctly said, a matter for the independent regulator, Ofcom, and not directly for Ministers. While I have no powers to intervene in this case, I would like to set out the regulatory framework and what we are considering as part of the communications review. At the outset, I will give him a straightforward undertaking that I will take back what he has said today and ensure that my hon. Friend the Minister, who has responsibility for the arts and the media, is aware of his concerns.

Andrew Miller: Will the Minister add another aspect to that? While my right hon. Friend the Member for Knowsley (Mr Howarth) teased me about not being a shopper on QVC, my mother, who often gets into such debates, found it to be of invaluable service when she was at home as a disabled person. A lot of older people who are not experts on the internet, although my mother used the internet in her 90s, find television shopping a valuable tool. It would be grossly unfair to put people such as the disabled at a competitive disadvantage because of the competitive advantage of giant broadcasters.

Hugh Robertson: I can certainly give the hon. Gentleman the undertaking that I will ensure that his comments are also relayed to my ministerial colleague.

The Communications Act 2003 sets out the fact that it is Ofcom's duty to draw up, and from time to time review and revise, a code to give guidance to platform operators about the provision of EPGs. Ofcom's code of practice on EPGs is non-prescriptive about the order in which channels are placed, except for the public service broadcasting channels, which include the BBC's digital services, channels 3, 4 and 5, and S4C in Wales.

Alun Cairns (Vale of Glamorgan) (Con): I congratulate the right hon. Member for Knowsley on securing the debate. The Minister mentioned S4C. There is an exciting prospect that EPG has to provide for local television. There is some consideration being given to using channel 8 for local television, on which Channel 4 is broadcast in Wales because of the presence of S4C on channel 4 on the EPG. Does he recognise that that issue also needs to be considered in the debate?

Hugh Robertson: Absolutely. While the Government intend for the local television channel to be channel 8 in England and Northern Ireland, we are looking at what the appropriate channel is in Wales and Scotland, given exactly the issue that my hon. Friend has raised.

The right hon. Member for Knowsley is particularly concerned to see that Ofcom's code requires that other, non-PSB channels are treated on a fair, reasonable and non-discriminatory basis. To guard against platform operators such as Freeview misusing their power in relation to broadcasters, Ofcom has the power to investigate potential breaches of competition law in the communications sector, such as exclusionary agreements and the abuse of a dominant position.

In summary, the listing of channels within EPGs is determined by individual platforms, exactly as the right hon. Gentleman said, such as Freeview, Sky, Virgin and Freesat, within the restrictions of Ofcom's code and powers. It is not for the Government or Ofcom to specify exactly where every channel should be listed. It is important to note that anyone, including the broadcasters themselves, who is unhappy with how a platform operator has applied the EPG code has recourse to raise that with Ofcom as the appropriate regulator.

Mr George Howarth: I am grateful for the helpful way the Minister is responding to the debate. I would like to emphasise that the existing powers are retrospective, and that still creates uncertainty. I hope that he will feel able to address that aspect together with Ofcom.

Hugh Robertson *rose—*

Mr Gary Streeter (in the Chair): Order. I remind the Minister that he has until six minutes past 5.

Hugh Robertson: Thank you for that gentle warning, Mr Streeter, and I thank the right hon. Gentleman for his comments. I absolutely understand that and I will ensure that his point is fed into the Department's wider review of the 2003 Act.

The right hon. Gentleman's concerns relate specifically to Freeview, so I shall discuss the background and the set-up of the Freeview platform. The Freeview service comprises approximately 50 TV channels broadcast on digital terrestrial television, or DTT, and is free to air. A company called DTV Services Ltd, owned and run, as he said, by its shareholders—the BBC, BSkyB, Channel 4, ITV and Arqiva—is responsible for the Freeview brand.

DMOL, which is a limited company owned by the digital multiplex operators, was set up in 2007 to co-ordinate the functions of the DTT platform. Within its remit is responsibility for setting the channel numbers on Freeview. The good news is that DMOL has initiated a detailed review of the DTT listings policies, including the criteria for how different types of channel should be listed in the EPG. It has also commissioned in-depth research on the views of consumers. Once again, I will ensure, through the Department, that the views of the right hon. Gentleman are brought to the attention of DMOL as part of that review.

DMOL proposes to launch a consultation in February. It is asking for comments on the ordering of channels within the general entertainment genre, the creation of a transactional genre, and the ordering and location of all genres beyond general entertainment. That consultation will presumably include, among others, the mother of the hon. Member for Ellesmere Port and Neston (Andrew Miller). It is therefore essential that everyone with views about the allocation of channels responds to that consultation. I strongly encourage the right hon. Member for Knowsley and his constituents to do exactly that.

As the right hon. Gentleman does not feel that there is a level playing field between Freeview and other platforms, let me turn briefly to the way Ofcom regulates EPGs with particular reference to Freeview. The platform operators decide EPG lists. DMOL is a body formed by the multiplex licensees to co-ordinate the operation of the DTT platform and the organisation of the EPG. I must stress that EPGs on the DTT platform are regulated by Ofcom, albeit in the circumstances intimated by the right hon. Gentleman, in the same way as other platforms.

The EPG code on DTT applies to the multiplex licensees, rather than to DMOL. That means that in the event of a complaint against Freeview over its compliance with the EPG code, Ofcom would take it up with the multiplex licensees through DMOL. Ofcom would have the regulatory power to intervene, just as it could in the event of a complaint about the EPG of any other platform. In this case, it does not make sense for Ofcom to intervene even before DMOL has held its consultation and reached a final decision on its proposed changes, which is why I am encouraging the right hon. Gentleman to respond to the forthcoming DMOL consultation with as much evidence as possible.

As hon. Members will be aware, my Department is undertaking a review of the communications sector. We are looking at a broad range of areas from television and radio to broadband and spectrum issues. I should stress that the aim of that review is to stimulate growth and create opportunities in the communications sectors, and not in any way to dictate or limit the development of markets and technologies in broadcasting or other industries.

The importance of EPGs is an area to which we have started to give detailed consideration. The Secretary of State has reflected that interest:

> "Position on the EPG will probably be the Government's single most important lever in protecting our tradition of public service broadcasting. We are actively looking at how to make that situation better, if necessary using legislation."—[*Official Report*, 8 September 2011; Vol. 532, c. 543.]

That is absolutely a key area in this review. I should add that not only are we interested in looking at the issue of the EPG from the perspective of public service broadcasters, but we are aware of the immense value that many of the commercial, non-PSB channels bring in providing a wide range of viewing choices and investing in more UK content. We would like to understand more about the importance that companies place on the EPG.

[Hugh Robertson]

There is some evidence that the position on the EPG can affect the viewing figures of a particular channel, and that may have some indirect commercial impact. For example, MTV's slot was moved up 150 channel places on the Sky platform, from the top of the music section to the middle of the third page general entertainment section. Research published by the media consultancy Attentional suggests that the Sky audience for MTV increased by as much as 150%.

The communications review is already under way, having been kicked off by a letter from the Secretary of State in June. We have already received more than 160 responses to that letter, many of which touched on the issue of EPG and channel prominence. We are very much in listening mode ahead of the publication of the Green Paper early next year and are grateful for the opportunity to hear some of the issues today. As I said to the right hon. Member for Knowsley, I will ensure that his contribution is fed into that review.

It is important that interested parties continue to feed in their views. I am pleased that QVC was among those that responded to the open letter from the Government and I encourage it to continue to engage with that process as it moves forward.

Let me finish by expressing my thanks to the right hon. Gentleman for his contribution. Although the Government do not have a direct role in allocating EPG places, and I do not think that anybody in this Chamber would encourage us so to do, I promise him that I will take on board what he has said today and ensure that it is fed into the review. I encourage him and his constituents to continue to engage with the review as it moves forward.

Question put and agreed to.

5.5 pm

Sitting adjourned.

Westminster Hall

Thursday 24 November 2011

[ANDREW ROSINDELL *in the Chair*]

BACKBENCH BUSINESS

Extradition

[Relevant document: Fifteenth Report from the Joint Committee on Human Rights, Session 2010-12 HC 767]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Bill Wiggin.)*

2.30 pm

Mr Dominic Raab (Esher and Walton) (Con): It is a tremendous pleasure and privilege to speak under your chairmanship, Mr Rosindell, for, I believe, the first time. I thank the Backbench Business Committee for allocating time for a debate on this subject in Westminster Hall. I welcome the presence and participation of the Immigration Minister and thank him in advance for engaging proactively on such an important issue.

The Home Office is often berated for letting too many people into the United Kingdom, so it is something of a novelty for Ministers to face the reverse criticism. Yet, as the Joint Committee on Human Rights, of which I am a member, pointed out in its most recent report on extradition, there are flaws in and widespread concerns about our extradition laws. There are concerns about the UK-US extradition treaty of 2003, in which paragraph 3(c) of article 8 sets different evidential thresholds for the two countries. The United States did not ratify the treaty until 2007, but for clarity, my understanding is that it has relied on the lower burden of proof available to it since 2004.

Lawyers can bicker about whether there is a substantive difference between the requirement that the US has to satisfy—the reasonable suspicion test—and the requirement that the UK has to satisfy, which is showing probable cause. The fact is that, in operational terms, since 2004, 24 Britons have been extradited to the United States under the new arrangements, and just one American has been extradited to Britain. In practice, in the way they affect our respective citizens, the arrangements have practically been all one way.

The main problem, in my view—others will speak about the individual cases of their constituents—is the absence of any discretion to allow the UK to decline extradition in cross-border cases, having taken into account the interests of justice. That has been the problem in the case of Gary McKinnon, which is equally, or more about the injustice in dispatching a young man with Asperger's syndrome hundreds of miles from home on allegations of computer hacking, when he was apparently searching for unidentified flying objects, than about the alleged offence or the evidential threshold. More misfit than terrorist, he should not be equated with some high-level al-Qaeda suspect or gangster.

Mr David Burrowes (Enfield, Southgate) (Con): I congratulate my hon. Friend on securing this incredibly important debate and on raising the case of my constituent, Gary McKinnon, at an early stage. My hon. Friend has already mentioned the issue of disparity. Does there not seem to be a self-evident statistical disparity? I understand that, in the past 40 years, three suspected terrorists were extradited from the United States to this country, in comparison with the situation facing Gary McKinnon, who is being prosecuted on the basis of alleged terrorism.

Mr Raab: I thank my hon. Friend for that historical context, and I certainly accept it. It is important to have a practical, operational background about the numbers of cases, so that the debate does not become a dry, lawyer's debate about the terms of the treaty or the Extradition Act 2003.

We have legislation in place to inject a dose of common sense and discretion into the McKinnon case and other such cases. The Government ought to bring that into force as a matter of priority.

I understand the US's concern. I have spoken to officials from the US embassy, and I understand their concerns regarding the treaty's operation. They make quite strong arguments about the discrepancy between the evidential thresholds. None the less, in the US's extradition treaty relations with, to name but a few, Brazil, Mexico and Australia, the domestic authorities in those countries have the right to decline extradition in these and much wider circumstances. Why should Britain, a stalwart ally, not request such a modest adjustment?

The problems created by the European arrest warrant have proven to be even more serious and far more widespread than those created by the US treaty. First, there are cases that are exemplified by the case of Andrew Symeou. Andrew, a British student, was whisked off to Greece under a European arrest warrant for involvement in a fight at a nightclub that left another man dead, which is a serious offence. Andrew was extradited, despite eye-witness accounts that he was not at the club at the time.

Fast-track European Union extradition is based on the assumption that standards of justice are adequate across Europe. We all put our faith in that assumption, but I am afraid that the Symeou case and many others show that that assumption is a sham and a fraud. We cannot understand the operation of the EAW without understanding that fraud—the assumption that all the justice systems operate to a similarly high standard.

Let us look at the Symeou case. Greek police beat identical statements out of witnesses, which were then retracted. Andrew Symeou spent almost a year in squalid prison conditions before being bailed. He was left with a flea-ridden blanket in a cell exposed to a sewer and crawling with cockroaches. He was abused by guards and witnessed another prisoner being beaten to death for drug money. The trial proceeded at a snail's pace, with court translators who spoke scant English. He was eventually cleared in June this year, after a two-year ordeal, and he was left to rebuild his life.

The independent Baker review, commissioned by the coalition to look into the operation of our extradition relations, makes absolutely no recommendations for preventing such horror stories being inflicted on other innocent people—I use the word "innocent" advisedly, although that was clearly the case for Andrew Symeou. The Symeou case highlights the need for a higher evidential

[Mr Raab]

threshold—a prima facie test—to militate against the risk that fast-track extradition goes ahead on manifestly tainted evidence or spurious grounds.

The Baker report merely suggests that, over time and with effort, the justice systems and prison conditions across Europe will get better. All of us in the Chamber may well hope for that, but that view is naive at best and reckless at worst. I urge the Government to ignore that legalistic and simplistic analysis and think about what innocent people such as Andrew Symeou actually go through in real life.

Nick de Bois (Enfield North) (Con): I am grateful to my hon. Friend for giving way on that point about my constituent. I, too, congratulate him on securing the debate.

While in prison, many of Andrew Symeou's human rights were fundamentally breached. Does my hon. Friend agree that unfortunately, the Scott Baker report clearly believes that, because there is mutual recognition and all EU members have signed up to the European convention on human rights, we are not right to presume any fundamental breaches of human rights?

Mr Raab: That is exactly the point, and exactly why the assumptions that underwrite the European arrest warrant are fraudulent. I cannot think of any other way of putting it.

It is not good enough just to sit back and hit and hope on the Greek justice system getting better. For one thing, it may be getting worse. Transparency International's corruption perceptions index is a well regarded measure of standards of justice in national administration and legal systems. On a score of one to 10—one being the most corrupt—Greece has fallen from 4.2 to 3.5 in the past 10 years.

Even if there were grounds for optimism that the Greek justice system would improve over time, which we all hope for, we need to protect our citizens right now—not in five or 10 years' time, but today. That is why we need an amendment to the European arrest warrant framework decision, a prima facie test, a proportionality safeguard, and the other recommendations made by the Joint Committee on Human Rights.

In fairness to the Baker review, it acknowledged the case for an amendment to the EAW to accommodate a proportionality test, which is one of the other crucial safeguards that are required. However, in other areas the report ignores, almost wholesale, major flaws in the current arrangements. It casually disregards evidence that shows that warrants are being issued for investigation rather than for prosecution.

That important point is best illustrated by the evidence given by Michael Turner to the Joint Committee. Michael Turner set up a property business in Hungary in 2005. When it failed, as some business ventures do, he paid off his staff, filed for bankruptcy and returned to Britain. Three years later, he was extradited to a Hungarian jail, accused of defrauding on certain administration fees. He was detained in a prison that was formerly run by the KGB. He has now been allowed to return home, but he remains under investigation. At the time of the extradition, the Hungarian authorities assured the UK courts that they were ready to prosecute: that this was not a hit and hope; they were trial-ready. Yet six years after the alleged offence took place, Mr Turner has not been charged with any crime whatever. The extradition that threw his life into turmoil was little more than a hit and hope fishing expedition. Again, the Baker report remains oblivious, if not blind, to the basic injustice and the human toll that that kind of ordeal takes on those affected. I am talking about not just the victims but the families.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): I congratulate the hon. Gentleman on securing this debate. During the course of his research, has he had the chance to look at the case of Babar Ahmad, who is a constituent of my right hon. Friend the Member for Tooting (Sadiq Khan), the shadow Justice Secretary? My right hon. Friend is in his place in this Chamber, but protocol restricts him from speaking in this debate. Babar Ahmad has been in detention for seven years. Can the hon. Gentleman qualify the validity of the fact that Babar Ahmad has not been able to be extradited, deported or tried in the UK, but languishes in a detention centre?

Mr Raab: I thank the hon. Gentleman for his remarks. I want to be careful about what I say about the Babar Ahmad case. We must bear in mind the fact that, whatever the nature of the allegations—some of the individuals in the cases that I have mentioned are plainly and demonstrably innocent—we are dealing with that basic principle of British justice that a person is innocent until proven guilty. We are losing sight of that in this country. Irrespective of the nature of the allegations against Babar Ahmad, and I do not deny for one second that they are grave, the period of pre-trial detention is unacceptably high and should be looked at carefully within the scope of the UK-US treaty in relation to both the "most appropriate forum" safeguard and the other safeguards that might be available.

Jane Ellison (Battersea) (Con): I thank my hon. Friend for securing this debate. I wonder whether it is helpful to intervene on behalf of the Backbench Business Committee. As there is such enormous interest in this debate and in the issue of Babar Ahmad, we are more than happy to take further representations from other Back-Bench Members for time in the Chamber to return to this subject in the event that all Members do not get the chance fully to explore the issue today.

Mr Raab: I thank my hon. Friend for that intervention.

Mr Andy Slaughter (Hammersmith) (Lab): The hon. Lady has partly addressed my point. Given the number of hon. Members present today, does the hon. Gentleman not share my concern that this is a matter that should be debated on the Floor of the House? We need to debate both this issue and the issue of Babar Ahmad, for which an e-petition of more than 140,000 signatures was collected.

Mr Raab: Certainly, we need to have a debate in Chamber time and on a votable motion. I hope that we can deal with all the individual cases within the scope of the broader policy issue about the UK-US treaty and the European arrest warrant. If there is enough support

from hon. Members across the House, I will return to the Backbench Business Committee to seek what we originally asked for.

Mr Dennis Skinner (Bolsover) (Lab): If we had a vote today, we would carry it, but of course we cannot have one because we are not in the main Chamber. I agree with my hon. Friends who have already expressed the view that we ought to have this debate in the House. The Attorney-General, the Solicitor-General, the Deputy Prime Minister and the Deputy Leader of the House all commented when they were in opposition that they supported what we are here today to do. Therefore, let us get this debate into the main Chamber and then we can carry the vote if they will deliver.

Mr Raab: I thank the hon. Gentleman; I find myself in the rare position of agreeing wholeheartedly with him.

Jeremy Corbyn (Islington North) (Lab): Don't worry, it won't last.

Mr Raab: I am sure that is correct.

Going back to the Baker report and the issue of extradition under the European arrest warrant for the purposes of investigation rather than prosecution, the report effectively denies that EAWs are being used in cases where there is "insufficient evidence". That is an astonishing conclusion; it is really remarkable. It is just one example of where the Baker review would have been assisted if it had interviewed the victims. It did not do that. However, under the chairmanship of the hon. Member for Aberavon (Dr Francis), the Joint Committee on Human Rights did, and we gleaned as a result not just the legal technicalities and the operation but the human toll on those affected, particularly the innocent—but actually everyone. If we stand up for the principles of justice, we stand up for them across the board and the presumption of innocence is a cornerstone of British justice.

The Baker review should have heard the personal side of the trauma endured by Michael and his family. Instead, and this is really disappointing, Michael's case merely gets a solitary mention in a footnote at the bottom of page 279. The review's response to the broader issue of whether European arrest warrants are issued for investigations and not prosecutions is really to point out the blindingly obvious. It concludes that it should not happen under the terms of the framework decision, but that will be no comfort to the Turner family, because it does happen and it is happening and it will happen again unless we put a check in place.

Either we can and should amend the Extradition Act 2003 to make it explicit that extradition for investigation is barred or we need to pursue amendment of the framework decision itself. Given that we do so on other grounds, that would be a sensible course to take.

On other occasions, the EAW system has proved truly Kafkaesque for its victims. The case of Deborah Dark, a grandmother of two, best illustrates that. She gave evidence to our Committee. She was acquitted of drug offences in France more than 20 years ago. Without telling her, the French prosecutors appealed and a two-year jail sentence was imposed in her absence. Seventeen years later, on holiday in Turkey, she was stunned to be arrested at gunpoint. After a three-year legal ordeal, French investigators finally dropped the case. Traumatised, Mrs Dark told the Joint Committee:

> "I had been walking around for over 20 years as a wanted person and I did not know."

That major flaw would be remedied by the specific recommendations put forward by the Joint Committee, which considered all such cases and looked at the impact on the victims as well as taking advice on both law and policy from a range of non-governmental organisations.

There are many other victims, such as Edmond Arapi, and many other controversial cases, such as that of Babar Ahmad.

Karen Bradley (Staffordshire Moorlands) (Con): I congratulate my hon. Friend on securing this important debate and on raising the case of my constituent, Edmond Arapi. Mr Arapi was convicted in his absence of a murder that took place in Italy while he had evidence that he was actually 1,000 miles away in Staffordshire Moorlands. He has since been fully cleared and is currently pressing for compensation. Does my hon. Friend agree that wherever there is a miscarriage of justice, compensation should be paid? It should be paid to compensate the Arapi family for their financial loss and the emotional trauma that they went through.

Mr Raab: I wholeheartedly agree with my hon. Friend. Compensation should be paid by the country that has made the mistake. The Arapi case shows that a proportionality test, while important, is not the whole game. A charge of murder is very serious; it is not a frivolous allegation. In that case, the facts were completely out of kilter with reality. A prima facie test and some of the other safeguards would enable a basic check to be made before the extradition takes place or the process is completed.

I want to leave time for other MPs to make speeches on specific cases or on the wider policy issues at stake. I have just one final point about the European arrest warrant. It is the most important point and it has been raised by other Members. The EAW blindly assumes mutual trust in the justice systems of many countries deemed substandard if not rotten by the likes of Transparency International and others, but because it does so, innocent British citizens are also denied the full protection of the Human Rights Act and the European convention. For example, it is far harder for an innocent British national to cite disruption of family life, under article 8, as grounds for resisting extradition than it is for a foreign criminal to block deportation on the same grounds. That is a dangerous legal and policy discrepancy that will damage public confidence in our justice system if it is not remedied. There are various flaws in the current arrangements. As I mentioned earlier, I intend to go back to the Backbench Business Committee to ask for a debate in the Chamber on a votable motion if there is sufficient support for it in our debate today.

I would be very grateful if the Minister could say what progress has been made in considering the conclusions of the Baker review and the recommendations of the JCHR, as well as the views of the numerous non-governmental organisations that have expressed an interest in this subject. In particular, can he give any indication of when the Government are likely to make concrete

[Mr Raab]

proposals of their own? In my view, the hit-and-hope counsel of the Baker review is just not good enough and I urge Ministers to be bolder than that. Protection of civil liberties ought to be the glue of this coalition; it ought to be an area of common ground. Indeed, it ought to unite all parties and I am hugely pleased to see so many Members from across the House, from all parties, including the smaller ones, in Westminster Hall today.

We need to implement the recommendations of the JCHR covering both the European arrest warrant and the UK-US treaty, because at the end of the day we can read the Baker review and judges and lawyers can all give their legal opinions, but as elected and accountable law-makers we in this House are charged with the duty of preserving British standards of justice and we have the ultimate responsibility for protecting our citizens.

Andrew Rosindell (in the Chair): Eleven hon. Members have indicated that they wish to speak in this debate. If everyone can keep their remarks within 10 minutes, I hope that all Members will have the chance to speak.

2.51 pm

Mr Andy Slaughter (Hammersmith) (Lab): Thank you, Mr Rosindell. I will certainly keep within those limits. I only want to make two points essentially, both relevant to the case of Babar Ahmad, which has already been raised, perhaps not surprisingly, in interventions on the hon. Member for Esher and Walton (Mr Raab), who secured the debate. May I be the first to congratulate him on bringing a very important debate to this Chamber with the hope, which I think has been generally expressed today, that there will be a subsequent debate in the main Chamber in which more Members can take part?

I first became acquainted with the Babar Ahmad case five years ago. Members of his family were constituents in my former constituency of Acton. I was going to say former and subsequent constituency of Acton, but that would be to presume many things, including the actions of the Boundary Commission and the electorate. With the Leader of the House here—he is still very well thought of in that constituency, which is quite rare for a Conservative—I will not presume in any way on those lines.

The fact that my initial acquaintance with the Babar Ahmad case was five years ago speaks volumes in itself. Although I no longer represent that area, I still receive a great deal of correspondence about the case. Again, perhaps that is not surprising, given the fact that, as has already been indicated, more than 140,000 individuals have signed the e-petition specifically relating to the case.

I must pay tribute to my right hon. Friend the Member for Tooting (Sadiq Khan), who represents the family of Babar Ahmad and who I know has worked tirelessly with them, including Babar Ahmad's father and other family members who are present today, to ensure that the case remains at the front of everyone's mind.

Gavin Shuker (Luton South) (Lab/Co-op): I am extremely grateful to my hon. Friend for giving way and I too pay tribute to Babar Ahmad's constituency MP, our right hon. Friend the shadow Secretary of State for Justice.

My hon. Friend mentioned that there were 140,000 signatures, and it would be easy to assume that many of the people who supported the petition came from one particular community—the British Muslim community; but is he aware, as I am, that many people across this country who do not come from that background are equally chilled by the experience of Babar Ahmad, particularly as he has been held for seven years?

Mr Slaughter: Indeed, and I will go on to discuss that point.

Jeremy Corbyn: The hon. Member for Esher and Walton (Mr Raab), who secured this debate, quite rightly concluded his remarks by saying that the fact that Babar Ahmad has been in prison for so long was damaging to the image and traditions of British justice; that is absolutely true. I think that the media have missed the point; perceptions, particularly in the Muslim community across the whole country, are that Babar Ahmad has been so badly treated because of his faith and religion, suffering terrible abuse as a result. I have had a large number of contacts and e-mails from people who attend local mosques, as well as from people who attend churches and other organisations, and who are deeply concerned that somebody should languish for eight years in prison on a case that cannot be brought to court in this country, all because of the very strange arrangement that we have with the United States. Does my hon. Friend agree that if we do not mend the arrangement, this will be the image of British justice, not what we want it to be?

Mr Slaughter: As so often, I agree with everything that my hon. Friend has said, and I will discuss the length of incarceration in a moment. However, I think that my hon. Friend was also perhaps alluding to the circumstances of the treatment of Babar Ahmad: he was first arrested in 2003, and by the time he reached the police station he had sustained at least 73 forensically recorded injuries, including bleeding in his ears and urine. Six days later, he was released without charge. As we know, he was subsequently paid £60,000 compensation by the Metropolitan police for the assaults, although there was no apology and, I think, no admission. That would be shocking enough in itself, but of course in August 2004 Babar Ahmad was rearrested and he has remained in custody ever since.

I am addressing my comments effectively to the text of the petition, not to the offences alleged against Babar Ahmad but to the case that is being put by his family and the 140,000 people who have signed the petition, which I shall read as it is fairly short:

> "Babar Ahmad is a British Citizen who has been detained in the UK for 7 years without trial fighting extradition to the USA under the controversial no-evidence-required Extradition Act 2003. In June 2011, the Houses of Parliament Joint Committee on Human Rights urged the UK government to change the law so that Babar Ahmad's perpetual threat of extradition is ended without further delay. Since all of the allegations against Babar Ahmad are said to have taken place in the UK, we call upon the British Government to put him on trial in the UK and support British Justice for British Citizens."

That is the petition that has attracted 140,000 signatures.

The word Kafkaesque is somewhat overused in the media and in Parliament too, but it probably does apply to this case, where somebody has been arrested and held

in high-security prisons for seven years without—clearly—any charge and without, as far as we are aware, any intention by the British authorities to charge. Therefore, the petition asks that the British prosecuting authorities take the lead and make a decision to go ahead and charge him here, if there is sufficient evidence to do so.

The excellent report by the Joint Committee on Human Rights that was published in June deals with many of these issues; a key one is forum. We know that there is provision on the statute book that would allow a forum test to be introduced. The introduction of such a test would immediately deal with cases such as that of Babar Ahmad and resolve the issue. Again, I strongly believe that the House should have an opportunity to make a decision on that matter if the Government are not prepared to make that decision.

Babar Ahmad's situation is intolerable. It has been described by one of the judges who considered the case as an "ordeal". As I have already said, I am making no comment at all, and indeed the petition makes no comment at all, about the strength of the evidence about the nature of the offences, because that evidence has not been made publicly available. I am making a comment that somebody—a British citizen—has spent seven years in high-security prisons without any charge being brought against them. That fact alone should shock all Members who are present in Westminster Hall today.

Fiona Mactaggart (Slough) (Lab): My hon. Friend has stressed the fact that Babar Ahmad has been in prison for seven years. I do not think that everybody who is concerned about his case recognises that that is the equivalent of the time served by someone sentenced to 14 years in prison. According to the sentencing guidelines, that is the kind of sentence issued to someone who is found guilty of grievous bodily harm, or carrying a weapon that they had previously brought to the scene, and so on. Normally, it would be very serious offences that would acquire such a long time in jail.

Mr Slaughter: I entirely agree and that is why I say, notwithstanding the points that have been made about the need to address the substantive issue as well as individual cases, that Babar Ahmad's case is unusual for that particular reason. Although I have a great deal of respect and sympathy for other hon. Members who have spoken on behalf of their constituents, or about other issues that have been raised with them, I do not believe that there is any case that is as extreme as Babar Ahmad's, because of the simple fact that somebody has lost their liberty for that time, which—whatever the outcome—will never be regained.

I conclude on the point that there seems to be general agreement. The number of Members present shows that this debate is worth while, and that it needs to go further if the Government are not prepared to act. I am afraid that there has been some shuffling of responsibility between the Backbench Business Committee and the Government, particularly in relation to the Babar Ahmad petition, which, with 140,000 signatures is, I think, one of the top three. We have had debates on the Floor of the House on important issues that have arisen from petitions with fewer signatures, so there is a clear case for Babar Ahmad's detention to be debated there too. We can then see both from Members' contributions and in a vote whether they feel the same antipathy as me, my right hon. Friend the Member for Tooting and others about how the case is proceeding—or rather not proceeding. As things stand, more years could pass without resolution of the case, and we, as people who are here to protect the constitution of this country, should all be deeply ashamed of that. If nobody, including the Backbench Business Committee and the Leader of the House, is able or prepared to deal with the matter, Members collectively should insist that it is debated and voted upon on the Floor of the House.

3.1 pm

Richard Drax (South Dorset) (Con): I, too, congratulate my hon. Friend the Member for Esher and Walton (Mr Raab) on securing the debate, which is a wonderful opportunity to put our cases. I am here to represent my constituent, Michael Turner, who lives in Corfe Castle in south Dorset, who has for too long been the victim of an outrageous injustice in the form of the European arrest warrant. Let us be clear from the outset that that legislation, flawed though it is, was meant, as I understood it, to deal with terrorism and serious crime.

Michael's story begins in 2002 when he and a friend set up a marketing company operating out of Budapest. Regrettably, it folded in 2004. The Hungarian authorities allege that the two men acted fraudulently, leaving customers out of pocket to the tune of £18,000—not a huge sum. The two men denied the charge of fraud, and still do. In November 2008, after Hungary had joined the EU and Britain had signed up to the European extradition treaty, the authorities came for Michael.

Here in the UK, Michael fought extradition until 2009, when Mr Justice Collins overruled his appeal in the High Court and ordered the two men to hand themselves over to the Hungarian authorities. Michael's barrister, Hugh O'Donoghue, was "outraged" at the decision, believing that the European arrest warrant was incorrectly interpreted and used. On Monday 2 November 2009, Michael and his partner went to Gatwick airport voluntarily, and were handed over to Hungarian special forces, who wanted to wear balaclavas to avoid being identified. The two men were assured that they would be allowed to call home as soon as they arrived, but no such call was forthcoming. They were refused bail on the ground that they would abscond—this when they had gone to Hungary voluntarily—and they were locked up, incommunicado, at a police station for three days before being moved to Veniga prison.

Michael's family had to find a Hungarian lawyer to locate him. Even the Foreign Office did not know where he was, stating, in an e-mail to me, dated 4 November 2009, two days after Michael had been sent to Hungary:

> "We were not initially aware of the case as the Hungarian authorities had not been in contact to notify us of Michael Turner's detention."

A judicial mess of scandalous proportions had begun, but far worse was to follow.

Locked up in this former KGB jail on the outskirts of Budapest, Michael was separated from his partner and friend, and placed in a small cell with three other prisoners for 23 hours a day. Here he remained for the next four months, without charge. That in itself is surely a breach of human rights—and how often do we hear that expression? His initial request to call the consulate was refused. The authorities had to be reminded that a call to the consulate was a right, not a privilege. He was allowed a one-hour visit per month and one shower per

[Richard Drax]

week—he had to basin-wash in his cell for the other six days. Having reading material, and receiving and sending letters, was made difficult for him, and he was continually shouted at in a language he did not understand.

The appalling conditions soon began to wear him down, as I am sure we can all imagine. Soon, and inevitably, it was being suggested that if Michael pleaded guilty his stay in prison would be shortened, but he rightly and bravely stayed silent. Anyway, why should he plead guilty when he thinks, and is sure, that he is innocent?

Behind the scenes, many people were trying their best to help Michael, and I must pay tribute to the Earl of Dartmouth, a UK Independence party MEP, who visited the prison, and Fair Trials International, which is doing what it can to help. It seems extraordinary to me—and I am sure to all hon. Members present and to millions of people in this country—that when so many illegal immigrants cannot be extradited to their countries because of their so-called human rights, it appears that a British citizen can be handed over almost on a whim.

None of us is sure why Michael's four-month incarceration in that hellhole ended as abruptly as it did, but on the morning of 26 February 2010 the prison door opened and Michael was free, with no explanation or apology, and still no charge. In April 2010, he returned voluntarily and very courageously to Hungary to answer more questions. He was told that the police had interviewed more than 500 witnesses and that they needed more time for further investigations and interviews. It is thought that if the case does get to court, it will take about a year to cross-examine all the witnesses.

Michael returned to the UK and there was still no charge. This appalling case hangs over him like the sword of Damocles. The emotional, physical and financial cost is hard to gauge; the distress has been appalling. Unable to move on with his young life, Michael waits for Hungarian justice to take its course—a course that has seen my constituent subjected to imprisonment, psychological torture, huge expense, unrelenting stress and an understandable loss of faith in this country's ability to look after her own. Hungary's judicial system is not on a par with ours. It is primitive, bureaucratic and clearly unjust. In this country, as my hon. Friend the Member for Esher and Walton said, someone is innocent until proven guilty, but it would seem that that is not the case in Hungary.

Finally, I support my hon. Friend's call for the Government to strengthen the protection of our citizens who are subject to extradition requests by implementing the recommendations of the report published in June by the Joint Committee on Human Rights. I am delighted to hear from my hon. Friend the Member for Battersea (Jane Ellison) that the Backbench Business Committee will be pushing hard to get the issue into the main Chamber, so that we can continue to debate this crucial and essential point.

3.8 pm

Zac Goldsmith (Richmond Park) (Con): Thank you very much, Mr Rosindell, for allowing me to sneak in at the last minute. I congratulate my hon. Friend the Member for Esher and Walton (Mr Raab) on securing the debate. He mentioned the well-known case of Gary McKinnon, and I want briefly to add my support to his cause.

That case, and some of the figures we have heard in the debate, show that we exist in an imbalanced relationship with the United States. That is reinforced by the fact that the Prime Minister and the Deputy Prime Minister were so reassuring on this case while in opposition, but now seem to feel at least that they do not have the power or the authority to follow through with some of those reassurances. That has to be addressed.

I am here to speak about a case that has already been mentioned briefly—that of a constituent of mine, Deborah Dark. She was arrested in 1988 in France, on suspicion of drug-related offences, and held in custody for eight and a half months. She was eventually found not guilty by a French court, and was released and returned to the UK, where she tried to get over the fact that she had wasted eight and a half months in jail.

Nearly 20 years later, in 2007, Deborah travelled to Turkey for a holiday, but instead of being able to enjoy it, as she would have expected, she found herself stripped at gunpoint at the airport by Turkish police. According to the police—whose behaviour, incidentally, was unspeakably disgusting and life-changingly appalling—they were acting merely on a tip-off from Interpol. That was the only explanation she was given; they did not elaborate in any way.

As we would expect, Deborah wanted an immediate explanation when she arrived in the UK. She called the police and was told there was no outstanding arrest warrant; they shrugged their shoulders. She asked the Serious Organised Crime Agency and was told it had no records on her either. Helpfully, it added that her arrest might have been a mistake.

Time passed and, with extraordinary calm, Deborah accepted that explanation. Then, in 2008, she travelled to Spain to visit her father, who had retired there and who was unwell. She tried to return to the UK after her holiday, which lasted a few weeks, but she was arrested at the airport. She was taken into custody by the Spanish authorities and told that she faced extradition to France.

That is when the penny began to drop. Seventeen years before, the French prosecutor had appealed the verdict clearing Deborah. That happened without her knowledge. She had been found guilty, without anyone bothering to tell her. In her absence, she was sentenced to six years. I repeat that she was never summoned to appear in court, never asked to defend herself and never given an opportunity to do so. She was never told that her acquittal had been overturned; these things happened entirely without her knowledge.

That was in 1989. More than a decade later, the French authorities issued their European arrest warrant, meaning that EU member states were compelled to arrest Deborah and send her to France to serve the sentence. As it happens, she refused to consent to the extradition and was granted an extradition hearing. Fortunately, the Spanish court chose not to extradite her, on the basis that so much time had passed and she was unlikely to get a thorough, proper or fair trial. After one month in custody, she was released from prison, and she returned home. However, it was not over.

When Deborah arrived in the UK, she was arrested by the British police at Gatwick airport. Again, she refused to consent to extradition, and she was released

on bail, pending another hearing. In 2008, extradition was again refused, for the same reason—the passage of time.

Despite being cleared by two courts, however, Deborah remained subject to the European arrest warrant in other EU states until 2010, when the French finally withdrew it. Until that moment, she was, in effect, trapped in the UK and unable to visit her family in Spain for more than three years, all because of a conviction that she was never allowed to contest.

I have chosen to speak about Deborah not only because her case is horrific and she is my constituent, but because there are hundreds of examples of the European arrest warrant failing. Julian Assange, the boss and founder of WikiLeaks, is a well-known figure. He faces extradition to Sweden, despite the fact that he has not been charged anywhere or for anything, and despite the fact that the extradition is being demanded by a private prosecutor, described as a partisan prosecutor—in other words, they are not a member of the national judiciary or a formal representative of the state.

The system clearly needs changing, and it needs changing soon, because the number of such cases is rising. One thousand people were subjected to the European arrest warrant last year, and the figure grows every month. A remedy suggested by Fair Trials International would involve applying the principle of mutual recognition to the European arrest warrant. That would mean that once one member state had refused to execute a European arrest warrant, as happened with Deborah, it would automatically be withdrawn, along with any alerts on EU and international police databases. That remedy would have prevented Deborah from being subjected to her grim groundhog-day experience.

One alternative that has been proposed—including, I believe, by Fair Trials International—is that we raise the bar to capture only the most serious cases, and I certainly go along with that. As my hon. Friend the Member for Esher and Walton said, that is what this tool was originally designed for. I am sure there are alternatives, but I am no expert, and it is for the Government to identify the most appropriate steps. What is certain, however, is that the system needs radical and rapid reform to prevent such appalling abuses from happening again.

3.13 pm

Yasmin Qureshi (Bolton South East) (Lab): I congratulate the hon. Member for Esher and Walton (Mr Raab) on securing the debate. I also congratulate the Backbench Business Committee on allowing it. I hope there will be a more detailed debate on the Floor of the House.

I want to talk about the UK-USA extradition treaty and the European arrest warrant not because I have constituents who have been affected by them, but because—I suppose I have to declare an interest here—I am a lawyer who has dealt with criminal cases and who has an interest in human rights generally.

Like other hon. Members, I accept that we need extradition proceedings and a European arrest warrant. What we are concerned about, however, is how those provisions are used in practice. I want to talk, first, about the UK-USA extradition treaty, which was signed under the previous Government. Secondly, I want to talk about the practical ways in which European arrest warrants can be improved to ensure that they are issued in proper circumstances, are based on evidence and include safeguards. Thirdly, I want to touch on the recommendations of the Joint Committee on Human Rights, which has looked at the issue in depth. I urge the Government to accept those recommendations.

I am surprised that action on these matters has been delayed. When Ministers and other Government Members were in opposition, and these issues were discussed, they objected vigorously to them. In fact, the Deputy Prime Minister described the USA-UK extradition treaty as "lop-sided". As my hon. Friend the Member for Bolsover (Mr Skinner) said, many eminent members of the Government were critical of the provisions and opposed them. I am surprised that changes have not been made, given that the Government have been in power for 18 months.

Sir Scott Baker is not correct when he states that the treaty has not operated unfairly. A key difficulty is that UK nationals cannot test the veracity of the evidence being used to seek their extradition. However, a US citizen facing extradition to the UK can challenge and test the evidence produced to extradite them. That is one reason why so few US citizens have been extradited to this country. They are therefore able effectively to challenge the evidence presented to them, when we are not.

Another argument, which Sir Scott Baker also uses, is that the treaty is not unfair to UK citizens, but why was there a need to negotiate a separate treaty with specific provisions with the USA? We have treaties with other countries that do not have such provisions, and those treaties require a greater burden of proof before people are extradited to those countries.

In my previous life as a prosecutor, I would toddle off to Bow Street magistrates court—it has now closed—to try to get extradition warrants. The documents I presented included information about the exact nature of the charges; the indictment had to state specifically what the offences were for which the person was being extradited. The documents also had to include the evidence being used to back the application. Furthermore, a senior member of the Crown Prosecution Service had to certify that that was proper evidence and that there was a proper case for extradition.

Finally, as soon as the person was extradited to the UK, committal proceedings had to commence immediately, and all the paperwork and evidence had to be served on the person. That ensured that somebody who was extradited to the UK was tried expeditiously. None of those guarantees is being given to UK citizens. Why are British nationals being given less favour than US citizens? It is completely wrong that the Government are still set on this course and have not changed the provisions.

On the European arrest warrant, I do not have an objection to the fact that it exists; my concern is how it is used in practice. When somebody has been extradited to another country, it often takes time to see whether the warrant has been applied wrongly, as in the case mentioned by the hon. Member for Richmond Park (Zac Goldsmith). In that case, the warrant was wrongly issued in France; the authorities had not realised that the person against whom it had been issued was unaware of the fact that there had been an appeal against their acquittal and that they had been convicted. Such negligence

[Yasmin Qureshi]

and such errors will occur, so I ask the Government to reconsider negotiating the basis on which European arrest warrants are issued.

The state should issue much stricter rules and guidelines to courts and judges on when to issue arrest warrants. For example, the evidence should be available, the person should be dealt with and looked after properly, and there should be procedural safeguards. Those are the things that are required—as well as that the offences on which people are extradited must be serious, not minor. Also, it should be possible to withdraw arrest warrants. I understand that in Poland once a warrant has been issued it is impossible to withdraw it.

Jeremy Corbyn: I understand the point that my hon. Friend makes, but is not the real problem the completely different standards of the legal systems across the European Union, and, indeed, the Council of Europe area, which, together with the virtual automaticity of the European arrest warrant, mean that we just mask the inadequacies of the current system and many people suffer miscarriages of justice?

Yasmin Qureshi: I agree, and that issue highlights the importance of how arrest warrants are implemented. Procedural safeguards must be put in place. There must be stringent requirements. Warrants must not be handed out as a matter of course, so that someone can come to court and say, "I want an arrest warrant," without anyone looking properly into what has occurred. In our country, when police officers go to court to ask for arrest warrants, the magistrates, or the judge, look at what is presented to them and then they might agree to those things. In a nation state such as England, someone who is arrested in Watford, for example, knows that their case can be resolved quite quickly if there are procedural irregularities. Errors can be sorted out quickly. However, in a foreign country—with a foreign language, jurisdiction and everything else—it is not as easy to sort out mistakes. It may take months. That is why it is so important that warrants should be issued properly in the first place, using strict procedures.

The Joint Committee on Human Rights has presented some good, practical solutions that will help British nationals. It has suggested the forum provision, which would allow British judges to decide whether an individual case should be tried in this country, or whether there is a need for extradition. The cases of Babar Ahmad and Gary McKinnon and others have been mentioned, and one interesting thing about all those people is that their alleged offences are deemed to have occurred in this country. What is wrong, therefore, with our prosecuting them? Why cannot our prosecuting authorities do it? If there is evidence, they should be prosecuted. No one says that the people concerned should not be prosecuted. We all believe that if there is evidence against someone there should be a prosecution.

From what I have been reading about the case of Babar Ahmad—he is not my constituent, and I recognise the hard work done on his behalf by my right hon. Friend the Member for Tooting (Sadiq Khan)—what he did is supposed to have occurred in this country, and he has effectively spent nine years in prison. As my hon. Friend the Member for Slough (Fiona Mactaggart) said, that is comparable to a 14-year prison sentence, whereas if what is alleged against him had been proved, it might have carried only five or six years maximum. He has thus effectively served a sentence.

The important thing in that case, and in those of Gary McKinnon and others, is that the evidence apparently being used against them was found by the British authorities. That is especially true in Babar Ahmad's case: when he was arrested there were supposed to be allegations, information or evidence against him, which form the basis of the extradition case. If that evidence is so cogent and good, there is nothing to stop the British authorities prosecuting Babar Ahmad in England. If that is not happening, there is a reason for it, which is presumably the fact that there is insufficient evidence against him. I worked in a prosecuting authority for about 10 years, and if there was evidence we would prosecute. If there was not, we did not. In my opinion, that explains what is now happening.

I understand the sensitivities of the USA because of the problems that it has had, but those sensitivities should not mean that the liberties and rights of British nationals should be put aside for the interests of another foreign state that will not give reciprocal rights. The USA may have its own political agenda, and its own agenda as to why it wants Mr Ahmad. If the extradition goes through, Babar Ahmad will probably spend the rest of his life in solitary confinement or in high-security prisons in the USA, so his life will be destroyed. I therefore urge the Government to rethink the issue of the forum provision and allowing our judges to decide whether cases should be tried here. In cases where there is evidence against someone, our prosecuting authorities should be the ones to try them.

3.25 pm

Mr David Burrowes (Enfield, Southgate) (Con): What has today's debate in Westminster Hall—on a matter worthy, as other hon. Members have said, of debate in the main Chamber—to offer? There has been a review by eminent lawyers and judges, who after consideration have given their weighty views on extradition. One outcome of the review—unintended, I hope—has been, certainly according to commentators, to pit judges against politicians, in what is almost a parody of self-serving, lobbied politicians and venerated, balanced judges with their measured approach. On that basis, there is no contest, and the Government should simply follow the recommendations in the weighty report.

It seems to me that, on a cross-party basis, we all say no to that. The Attorney-General has made it clear that the report is offering guidance, and that is all. It is for Government and, as we will say loud and clear today, for Parliament, to set the clear parameters of extradition. We should not lightly discount the strong views of Parliament. The June report from the Joint Committee on Human Rights has been mentioned, and it should be given due consideration, as should previous parliamentary votes on forum and the many previous debates.

The problem with the review is that it seems to betray a lack of appreciation of the shared responsibility that we have for extradition. It is an issue for politicians, Government and Parliament, not so much through party politics—the parties are properly reflected across the debate today—or through the activity of the lowest

form of lobby-fodder, whether domestically or internationally on the sidelines of summits: the issue involves politics because extradition is the shared responsibility of accountable, elected politicians, who safeguard, together with the judiciary, the rights of UK citizens, in relation to liberty and security. The fact that extradition involves the surrender of the liberty of an individual, and giving up that citizen to the full force of the law of another country, must involve politicians as a matter of principle.

The review relies heavily on the argument about the risk of costs, complications and delays. We need to rise to meet the challenge by ensuring that we have an efficient but fair and just extradition system, with the appropriate safeguards. Not to do so is to abdicate our responsibilities. Indeed, it is that abdication, because of inadequate legislation under the previous Government, on which prosecutions, courts and politicians followed through, that has led to an unfair and inefficient extradition system. It was a profound cause of the nightmare of my constituent Gary McKinnon. I commend the Home Secretary, however, for being the first Home Secretary to take responsibility, remove the matter from the courts' hands, and review the medical evidence.

I pay tribute to Gary McKinnon's mother, Janice Sharp, who this week, quite properly, was awarded the Liberty "Close to Home" award for her passionate and sustained campaign for her son, and her campaign to reform extradition for the sake of other UK citizens. The Baker review made reference to Gary McKinnon's case, but I believe it was misrepresented. The reality of the situation that he faces was not reflected in the somewhat dismissive, even cynical, comments about him. He has in effect been on bail for 10 years. That must be one of the most unwanted records for any British citizen in this country. Normally, we would only find such a situation under a despotic regime like Burma's, not in Britain, the home of the rule of law.

We must recognise that Gary McKinnon's life has a reality not reflected in weighty tomes. He lives in a largely hidden world, in a permanent state of fear. It is fear not of justice—he has always been open and willing to face justice in this country, including prosecution and, if appropriate, sentencing—but of extradition. His Asperger's syndrome and mental illness put him in a 24-hour nightmare of anxiety, depression and suicide risk. As I said to the Prime Minister in a question earlier this year, his life is hanging on a thread. I did not exaggerate his case then, and I do not now. Gary McKinnon will not be extradited to the States because, as I am reliably informed, if a final decision were made to extradite him, he would take his life. Hon. Members need not take my word for it; they can take the word of his doctors.

The medical evidence was not considered by the Baker review. Obviously, it was not within the review's primary remit, but the review has misrepresented Gary McKinnon's position. I must make it clear that the review has no direct relevance to his future; that is being considered by the Home Secretary, on the basis of the medical evidence before her, to establish whether his human rights are being breached. However, without sight of that compelling medical evidence, which I have seen, and an appreciation of the evident breach of Gary McKinnon's human rights, it is not possible for the review to represent his case fairly. If the Baker review had considered the medical evidence, I would defy it not to see Gary McKinnon's case as an example of how woefully we have let down British citizens time and again, as we have heard today.

Gary McKinnon's case is an example of the problem with extradition law, and it continues to highlight what the Baker review missed. Lessons to be learned from his case include, first, the need for proper judicial oversight to avoid undue political influence. We saw through Wikileaks how previous Prime Ministers effectively used Gary McKinnon as a political pawn in meetings with the United States. A forum bar would give courts the proper opportunity to make a judgment about the interests of justice, consider proportionality and medical evidence and make the right decision.

Secondly, prosecution authorities in dual criminality cases need to be able properly to consider whether enough transparent information has been passed between jurisdictions to account for the fullness of criminality, in order to determine the best venue for prosecutions. Thirdly, we need an Executive safeguard with appropriate judicial involvement and a shared responsibility to have better clarity and focus, in order to allow the Home Secretary to recognise her responsibility in terms of extradition—that might be in terms of human rights, or it might have to do with intelligence that comes to light in this or other countries—and make the right decision. That is necessary so that we can respect the rule of law, as I am sure Members across the House want to do, and the idea of an accountable Executive and Parliament.

We must also not ignore the treaty. British citizens in this country were sold down the river by the negotiations. Why have the Netherlands and Israel, for example, been able to negotiate agreements with the United States that any of their citizens extradited to the US and convicted there will be repatriated and sentenced in their home country? We do not have such an agreement. We must rely on assurances, promises and hope.

This is an issue of responsibility that includes a question of trust. Strong words have been said over a number of years on behalf of my constituent, including by Ministers before the election. The Prime Minister said:

> "Gary McKinnon is a vulnerable young man and I see no compassion in sending him thousands of miles away from his home and loved ones to face trial. If he has questions to answer, there is a clear argument to be made that he should answer them in a British court. This case raises serious questions about the workings of the Extradition Act, which should be reviewed."

That was relevant in 2009, and it is relevant in 2011.

The Minister present, after I raised my urgent question during the previous Parliament, said

> "is it not a breach of his human rights to send a man with Asperger's and depression to face a possible 60-year sentence?...It is, of course, horribly ironic that it would be illegal to send someone to another country to face an explicit death sentence."—[*Official Report*, 1 December 2009; Vol. 501, c. 978.]

Let Gary McKinnon be a living and last reminder of how we have reformed extradition, not a dead reminder of how we have failed British citizens.

3.34 pm

Sir Menzies Campbell (North East Fife) (LD): It is a pleasure to have the opportunity to speak in this debate. I congratulate my hon. Friend the Member for Esher

[Sir Menzies Campbell]

and Walton (Mr Raab) on securing it. Like others, I believe that this debate should be held in the main Chamber. We are discussing fundamental constitutional rights. There is only one forum where those rights should be discussed, and that is the Floor of the House of Commons. The Leader of the House was with us a little while ago, and I have no doubt that he heard what many Members said, but I shall make a point of going to see him after this debate to reinforce the view that the Chamber is the place for such issues.

I first took an interest in these matters in July 2006, when at Prime Minister's questions in two consecutive weeks, I sought to interrogate Tony Blair. I said then what I say now: the extradition treaty with the United States puts United Kingdom citizens in a position of disadvantage compared with their US counterparts. It is implied that the United States embraced the treaty, but that is not true. The Senate waited until autumn 2006 before ratifying it. The purported reason was that the strength of the Irish lobby in the United States was such that senators were concerned that the treaty, if ratified, might cause alleged terrorists from Ireland in the United States to be extradited to the United Kingdom. The treaty did not have an immaculate conception.

The treaty is wrong in principle. Extradition is based on the principle of reciprocity. For a state to give up one of its citizens to another jurisdiction can be justified only by the confident knowledge that citizens of both states have equal rights. I know that, here in the United Kingdom, the representatives of the United States have some reservations about what I and others are saying today. They need have no anxieties. I wish not for a levelling down but a levelling up. I seek equivalence, not exceptionalism.

I have sought to test the integrity of my position by asking myself what a United States member of Congress would do if the positions were reversed. We all know that such is the strength of feeling on Capitol hill about such issues that, if United Kingdom citizens were in a better constitutional position than Americans, there is no member of Congress who would not seek, as we do, to protect their own citizens. One thinks, for example, of Robert Byrd, the longest serving senator in the history of the United States and a constitutional expert to his fingertips. Faced with the situation that we face, I have absolutely no doubt how vehement and articulate his opposition would be.

Richard Fuller (Bedford) (Con): Does my right hon. and learned Friend agree that it is precisely because of the traditions of jurisprudence and respect for habeas corpus in both the United Kingdom and the United States that it is extremely important that we work together to level up the rules on extradition, as he says, so that we can send a message to other countries that are trying to achieve the same level of justice to which we have aspired and that we are achieving?

Sir Menzies Campbell: I agree entirely. I can say this as a Scots lawyer, because we have a civil law rather than a common law system: one important export, even as long ago as our colonisation of the United States, was the common law. Habeas corpus is a fundamental principle of the law in the United States. Not only in federal law but in the laws of each state, habeas corpus occupies exactly the same important position, as my hon. Friend suggests.

I fancy that there is not much patience in the Chamber for an analytical exercise in the interpretation of the Baker report, but in order to provide some further reading to Members who have not yet had the opportunity to do so, I refer them to part 7, pages 231 to 243, paragraphs 728, 729, 735, 739 and 742, the burden of which is that the Baker report concluded that there was no significant difference between "reasonable suspicion," which is the standard applicable in the United Kingdom under the treaty, and "probable cause," which is the standard necessary in the United States and which is enshrined in the fourth amendment to the United States constitution.

I have the misfortune to disagree with the conclusions of the Baker report. I believe that probable cause is a requirement that has to be met before any United Kingdom citizen should be extradited to the United States. Why do I believe that? Because before surrendering a British citizen to a foreign jurisdiction, the state—our state—should reasonably require to ensure that there is a case requiring to be answered, not a suspicion. To borrow an illustration from my own experience as a prosecutor and from domestic law on both sides of the border, suspicion justifies arrest, but suspicion does not justify charge or prosecution. Probable cause, in my view, is necessary before prosecution can be justified.

I think that my argument is underpinned by the conclusions of the Joint Committee on Human Rights, to which reference has already been made. It concluded, rather as I have suggested, that it is necessary that the standard of proof on both sides of the Atlantic should be the same. Those arguments are properly set out on page 4 of the report. That the issue might require adjustment of the treaty was recognised by the Committee, whose Chair, the hon. Member for Aberavon (Dr Francis), is present, and by Baroness Neville-Jones, who gave evidence on behalf of the Government and who appeared to be optimistic that adjustment could be achieved.

I am persuaded by one other element of the consideration of these matters. There is a considerable predisposition on the part of the courts of the United States to invoke extraterritorial jurisdiction to an extent that we simply do not apply in this country. We have, therefore, in practice, no reciprocity in the application of extraterritorial jurisdiction. It is my view, however, that if the significant difference in the approach in the United States is, as we know, common, that is all the more reason that the standards of proof should be equivalent.

Let me deal quickly with three further issues. First, on the matter of forum, it is surely correct in principle that there should be an effective statutory presumption that a case be tried in the country where the crime is committed, and that only in the most special circumstances should there be a departure from that principle. Secondly, on legal representation—this is also recognised by the JCHR—someone who is being sought to be extradited needs good representation not just in this country, but in the country to which they are extradited. We know that the availability of public funds, or indeed of public defenders, is to different standards in different states of the United States.

Finally, on the application of the Human Rights Act 1998, which is, of course, a statutory requirement for the Home Secretary, I do not believe that there is any

justification for the Baker committee's recommendation that the Home Secretary's authority on that should be transferred to the legal system. Baker says that there should be a removal because of delay being caused if it is invoked and because determination of extradition should be exclusively a judicial process. That, I think, fails to understand the nature of extradition, notwithstanding the detailed historical analysis that the Baker report contains. Extradition is diplomatic in the first instance. It becomes judicial and ultimately it is political.

In exercising that power, the Home Secretary is not acting ultra vires; she is exercising the power conferred on her by Parliament—the same sovereign Parliament that resolved that other parts of the procedure should be exercised by the courts. I see nothing wrong in principle with the Home Secretary exercising a power conferred on her by Parliament additional to the powers of the court. Parliament has chosen not to grant exclusive jurisdiction in matters of extradition to the courts, as Parliament is entitled to do. The truth is that the Home Secretary is exercising an administrative function in furtherance of the duties incumbent on her by the Human Rights Act.

It has been suggested that it would perhaps be helpful if the considerations that the Home Secretary is obliged to take into account were more fully described in legislation, such as the health of the person being considered for extradition, which is relevant to the speech we heard a moment ago by my hon. Friend the Member for Enfield, Southgate (Mr Burrowes), the impact on family life, the quality of treatment that a person might receive in the penal system, and, of course, the proportionality of the likely sentence that might be imposed.

Charlotte Leslie (Bristol North West) (Con): I thank my right hon. and learned Friend for giving way and my hon. Friend the Member for Esher and Walton (Mr Raab) for securing this debate. We have talked a lot about extradition treaties between the USA and the UK, and the European arrest warrant. Does my right hon. and learned Friend agree that there is a case for looking at extradition treaties with countries in category 2 territories, such as South Africa, where my constituent, Shrien Dewani, may face trial, and at considerations such as the health of the person and whether they will face a fair trial, given, in the case of my constituent, the high media coverage that his case has received in the country to which he may be extradited?

Sir Menzies Campbell: My hon. Friend underlines the need for the Home Secretary to have the jurisdiction and the discretion that the law presently allows. It is a powerful argument in support of the view that that discretion should remain.

I have not sought to deal with any particular case or set of circumstances, but my interest in this matter was first aroused by the case of the NatWest three, one of whom, Mr Gary Mulgrew, was a constituent of mine. I think that one has to be careful about changing the law in response to particular cases—there is an old legal dictum that hard cases make hard law—but today this is an opportunity to define principle, and I for one am delighted that so many Members have chosen to be present for that purpose. I look forward to the occasion when we have a resolution on the Floor of the House to which we can give effect.

3.47 pm

Dr Hywel Francis (Aberavon) (Lab): It is a pleasure to follow the right hon. and learned Member for North East Fife (Sir Menzies Campbell). We both appeared before the Backbench Business Committee in support of the hon. Member for Esher and Walton (Mr Raab), with the full support of my right hon. Friend the Member for Leicester East (Keith Vaz), who is the Chair of the Home Affairs Committee. I congratulate the hon. Member for Esher and Walton on securing this important debate on extradition. I speak as Chair of the Joint Committee on Human Rights and am very pleased to fully support the hon. Gentleman. He is a member of my Committee, and I am delighted that he has strongly supported its unanimous and wise recommendations.

It is almost a year since the Committee announced our inquiry into extradition. The Baker review began a couple of months before our inquiry. My Committee's intention was not so much directly to influence that separate process, but to set out for Parliament the human rights implications of current extradition policy, so that a more informed discussion could take place when the findings of the Baker review emerged. That has now happened and this debate is, I hope, just one part of that informed discussion. As many hon. Members have said, we hope that discussion will continue and take place somewhere more appropriate. I will say something about that in a moment.

It is disappointing that this debate is taking place in Westminster Hall. It seems to suggest that human rights issues are, somehow or other, not mainstream or important but peripheral, or that extradition is a small matter affecting very few people, most of whom appear to be deserving of whatever treatment they suffer in the countries to which they are extradited. That is not the case. We all know the cases that have attracted, quite rightly, a great deal of public attention: Gary McKinnon in terms of the UK-US extradition treaty, and Julian Assange in terms of the European arrest warrant. I should place on record my gratitude, as Chair of the Joint Committee on Human Rights, for the way in which so many hon. Members today have spoken up in support of their own constituents.

There are many less well-known cases that deserve attention. There are cases that include flagrant injustice, unfair treatment and even mistaken identity, as we have already heard. My Committee was privileged to hear the moving evidence given by many of the people involved, such as Andrew Symeou, Deborah Dark and Edmond Arapi. Nor are we dealing with only a handful of cases. In 2009-10, 699 UK citizens were surrendered to other European Union countries under the European arrest warrant alone.

I must emphasise that human rights are massively important. This is a human rights debate, and debates on human rights should attract the attention of as many hon. Members as possible, and should be a matter for the main Chamber. It is very gratifying, as a number of Members have already said, to see so many Members here today supporting human rights. Extradition engages a number of different human rights: article 3, prohibition of torture, or inhuman or degrading treatment; article 5, right to liberty and security; article 6, right to a fair trial; article 8, right to respect for private and family life; and article 14, prohibition of discrimination. We have heard many examples of what we would consider breaches of those human rights this afternoon.

[Dr Hywel Francis]

Extradition agreements are vital, and this country has benefited from agreements that enable us to bring foreign citizens or absconders to justice here in the UK. Citizens of one state must not be immune from the laws of another. If you are accused of a crime, you must face justice, and it may be right to do so in the state where the crime was committed. However, does our shared common legal framework and belief in human rights mean that we can rely on the operation of justice equally across Europe or, indeed, across the world?

We cannot take comparable standards of justice for granted. Our inquiry showed that although the European arrest warrant has brought benefits in terms of a quicker, more streamlined system of justice in Europe, it does not have the right safeguards to guarantee human rights protection; nor does the US-UK bilateral extradition treaty, as we have already heard. It is an important feature of our system that some rights may be qualified, and that there is a just and proportionate balance between the interests of the state and the interests of the individual; for example, in freedom from discrimination, and the right to privacy and family life.

Some rights engaged by extradition are the most fundamental: liberty and security, and the right to a fair trial—both of which are only qualified in times of war or public emergency—and freedom from torture, or inhuman and degrading treatment. That is, of course, an absolute non-derogable right. Our Committee's report highlighted areas where human rights are at risk, and set out the changes that would provide the robust protection needed. First, we said that Parliament should be asked to commence the "most appropriate forum" safeguard in the Police and Justice Act 2006. That would require the judge to consider whether it is in the interest of justice for the individual to be tried in the requesting country, and to refuse the extradition request if it is not. There should be a requirement to show a prima facie case, or a similarly robust evidential threshold, which would mean that a court could refuse extradition if it was not satisfied that a country had shown that there was a case to answer. A proportionality principle should be added to the EAW, to ensure that the human rights implications of extradition are not disproportionate to the alleged crime.

The Government should ensure that the human rights bar is effective in practice as well as in law. Although the bar requires the judge to consider whether extradition is compatible with the human rights of the individual concerned, the threshold set by case law here is very high indeed, allowing material such as reports of the UN Committee against Torture to be regarded as evidence of possible human rights abuses. That would strengthen protection.

Access to legal representation needs to be reviewed. Present provision is patchy and often woefully inadequate. We need to ensure that other EU member states do not use the EAW for purposes of investigation—or, as some hon. Members have already said, fishing expeditions—rather than trial. Finally, in relation to the notoriously asymmetrical UK-US extradition treaty, the Government should level the playing field. The proof required when extraditing a person to the US must be raised to the same standard as that required when extraditing from the US to the UK.

The Baker review has now reported. It might seem churlish to take issue with a review that seems to be so comprehensive, but many members of my Committee, and I am one of them, are disappointed to note that in many areas the review has not drawn the same conclusions as the Committee's report. However, we are encouraged that the review supports my Committee's conclusion about the need for better legal representation for those subject to extradition proceedings. Likewise, the review finds that any future amendment to the framework decision underpinning the EAW should include a proportionality test to be applied in the issuing state. That broadly echoes a recommendation from our report.

The Baker review also came to similar conclusions to my Committee on the issues of excessive pre-trial detention, maintaining current limits at the discretion of the Secretary of State, with sentences served in the UK for those whose custodial sentences are 12 months or less. That gives the Committee some hope that there might be areas where the Government can move more quickly when consensus suggests a clear and simple path. I do not intend to analyse or criticise the review on areas where its conclusions differ from those of my Committee. We may decide to revisit the whole area in the light of the review's findings.

Unfortunately, the Baker review and my Committee's report diverge on some of the most important aspects of extradition, such as forum, the requirement for a prima facie case, and the fairness of what seemed clearly to the Committee to be an unbalanced US-UK treaty. It is gratifying to hear so many hon. Members supporting my Committee's position, rather than the Baker review.

Penny Mordaunt (Portsmouth North) (Con): On the point about the forum bar and the other test that the hon. Gentleman has described, one of the criticisms of that in the panel was that, in addition to adding extra cost, it would delay the process. Does his Committee have a view, where extradition is justified, about whether having those safeguards would in any way impede that process?

Dr Francis: I am sure my Committee has a view. I am a bit anxious not to get involved in individual cases, but as I have already indicated, my Committee is strongly in support of the principle of extradition. What we are debating today are the flaws and weaknesses in the processes. The Government have a unique opportunity to address the issue, and I am grateful to the hon. Lady for the points that she has made.

I wish to probe the Government on their intentions, as do many hon. Members here today, and on the timeline for decisions to be made in this area. I have no doubt that the Government may well hurry a little more if we have the opportunity to debate the matter in the Chamber.

When the Baker review reported, my Committee agreed that I should write to the Home Secretary to seek information about when the Government would respond to the review and to my Committee's report. This week, we received a reply that was broadly unhelpful: a response will be made "as soon as practicable". Can the Minister give some sense of what that expression means?

The Attorney-General was asked about the review and its findings in the main Chamber last week. When he referred to them as "guidelines", there was some

speculation that he was implying that the Government were distancing themselves a little. That may or may not be the case, but can the Minister spell out whether, when the Government consider the review's findings, they will also be considering not only my Committee's report, which comes to different conclusions in some areas, but other important reports, which have been mentioned this afternoon, by such bodies as Justice and Fair Trials International?

It would be good to hear from the Minister that the Government consider the matter urgent, and as far as we are concerned, judging by the strength of unanimous feeling this afternoon, it is urgent. Some changes can be made quickly, even if others might take longer to decide upon and resolve. The rights of our citizens must be protected against the sorts of injustice that have traumatised so many people and their families, many of whom gave evidence to our inquiry.

[MR EDWARD LEIGH *in the Chair*]

4.1 pm

Charlie Elphicke (Dover) (Con): Welcome to the Chair, Mr Leigh. I congratulate my hon. Friend the Member for Esher and Walton (Mr Raab) on securing an extraordinarily important debate and the Backbench Business Committee on doing such great work to ensure our chance to have this discussion. I want to keep my remarks brief, because so much has been said in the evolving consensus of the debate. In particular, I pay tribute to the hon. Member for Bolton South East (Yasmin Qureshi) and my right hon. and learned Friend the Member for North East Fife (Sir Menzies Campbell) for their powerful contributions.

There has long been a tradition that Parliament is the last backstop for the liberty of the subject and the protection of the rights of property. It is right for us to be deeply interested in the liberty of our electors and citizens, and it is particularly great to see in the Chamber the shadow Justice Secretary, the right hon. Member for Tooting (Sadiq Khan), who has remained in his seat throughout the debate and who has been such a powerful advocate for his constituent, Babar Ahmad. There seems to be a strong, cross-party feeling that things are simply not right.

To pick up on one issue, if people are in the UK and commit a crime in the UK, the deep, natural sense that we all—the person in the street—have is that such people should be prosecuted in the UK for that act, if it is an offence in this country, and not be taken away from home, loved ones, community and everything familiar to be prosecuted in a foreign country. In particular, I have long found the US-UK extradition treaty troubling.

Chris Bryant (Rhondda) (Lab): May I issue a slight corrective? Everyone thus far has talked about British nationals being extradited. Quite often, a request under a European arrest warrant, or for that matter an extradition request, is for a non-British national. One reason for the number of European arrest warrants from Poland being so high is that a lot of them are for Polish people whom the Polish Government want to take back to Poland.

Charlie Elphicke: The hon. Gentleman makes a fair point, but I am concentrating on our citizens and our electors.

The situation has long troubled me: in principle, if people commit an offence in this country, they should be prosecuted in this country. Many of us feel that way. According to paragraph 4 of article 8 of the treaty on extradition with the States:

"If the offense has been committed outside the territory of the Requesting State, extradition shall be granted in accordance with the provisions of the Treaty if the laws in the Requested State provide for the punishment of such conduct committed outside its territory in similar circumstances."

Perhaps I am an old-fashioned lawyer—that is my background and training—but I feel deeply that the right forum for prosecution in such a case is in the UK and that people in this country should be tried by their peers. Perhaps I am old-fashioned, perhaps it is our jurisprudence and long legal tradition, but that is how I feel, as so many of us do.

Chris Bryant: One area in which we in this country have changed direction slightly in the past few years—rightly so, and I suspect the hon. Gentleman would agree with me—is sexual offences, possibly committed in a country such as Thailand by a British national, that might not be prosecuted in Thailand, but could be in this country.

Charlie Elphicke: The hon. Gentleman makes the case for the extradition of a British citizen to another jurisdiction where the offence was committed and, arguably, if a sexual offence was committed in Thailand, the right forum for the case would be where the offence took place. I am speaking, however, about when the actus reus of the offence is alleged to have taken place in the UK—in particular, in internet-type cases—so the evidence, and the proper forum, would seem to be in the UK. That is my deep sense of how things should be: if a crime is committed in the UK, it should be prosecuted in the UK. One should not be seized from the UK, as the NatWest three famously were, and sent before a jury in Texas. Having been a partner in an American law firm and having talked to colleagues, my understanding is that Texan juries are simple: people from Texas get a good hearing, but if people are not from Texas, it is a bit more hit and miss. One needs to be cautious in such cases.

Another thing that I and many people feel strongly about is reciprocity, in particular the remarks in the Scott Baker report about probable cause versus reasonable suspicion. That takes us to paragraph 3(c) of article 8 of the treaty. It says

"for requests to the United States,"—

it is only to the United States—

"such information as would provide a reasonable basis to believe that the person sought committed the offense for which extradition is requested."

That "reasonable basis to believe" finds its origin in the fourth amendment to the US constitution, which was passed in 1791. Interestingly, in our jurisprudence that principle found its heart and motivation in the famous, landmark case of Entick *v.* Carrington in 1765. I feel that in our Parliament we sometimes forget our finer and more enduring principles, while the Americans seem to embed them slightly more effectively. The Scott Baker report states, in effect, that there is no real difference between probable cause and reasonable suspicion. I do not share that conclusion.

[Charlie Elphicke]

The table in paragraph 7.30 on page 237 of the Scott Baker report, which I am sure everyone has read in great detail, clearly states of requests to the United States:

"Information satisfying the probable cause test",

but of requests to the United Kingdom it states:

"Information satisfying the reasonable suspicion test".

Is there a difference between probable cause and reasonable suspicion or not? Scott Baker says not.

Let us look at more of the detail. The Scott Baker report then mentions the definition of "probable cause" in paragraph 7.35 on page 239:

"A well-known definition of probable cause is, 'a reasonable belief that a person has committed a crime'... The Oxford Companion to United States Law defines probable cause as, 'information sufficient to warrant a prudent person's belief that the wanted individual had committed a crime'."

We are talking about the difference between reasonable suspicion and reasonable belief, and I say that belief is a rather higher test than simply suspicion.

Let me give an example. An hon. Member's Order Paper has gone missing in the House and the Member thinks that a colleague has taken it—but which colleague? There are so many around. The Member sees the Order Paper, or part of it, poking out of a colleague's jacket, so the Member has a reasonable belief that that colleague has taken it. If the Member does not see anything and merely suspects the ne'er-do-well in the next seat, that is reasonable suspicion, because that colleague has done that kind of thing before. Belief is a higher test than suspicion, and there is strong feeling of concern—rightly—that the treaty does not have the degree of reciprocity that it should have.

Another matter that I feel strongly about, because I believe strongly in the liberty of the subject and the proper testing of any case, is the fact that there should be the old prima facie test that we used to have. I know that that would raise the objection that it leads to long hearings and so on, but why should we not have the same test for extradition as for a committal for trial of the old style? That seems to me to be the right way to go, because we should be cautious before sending our citizens abroad. I appreciate that that may cause difficulties with the European arrest warrant, because it is bound up with the wider European issue, where angels fear to tread. However, leaving that aside, we have wider discretion with other countries, and perhaps we should consider firmer testing of the proof, particularly with jurisdictions where we are unsure whether they will provide the proper level and quality of information and fair trial, and when we worry that they might not be entirely straightforward and honest about their level of evidence. Today, we have heard about cases in which there has been concern about the level of evidence.

I would like the Minister to provide some clarity. I understand that 24 British citizens have been extradited to America, and that one American has been extradited to the UK. Given that the treaty was entered into to deal with terrorism, how many of those 24 cases involved extradition for terrorist-related charges, and how many did not? That is germane to how correctly the House was led when the treaty was introduced. It was told at the time that the treaty covered terrorist activities, but not wider activities.

The Secretary of State should have a backstop power to decline to authorise extradition, and reintroduction of that should be considered to provide extra, discretionary protection in favour of liberty of the subject. We should be super-cautious before sending any of our citizens to face trial in another jurisdiction.

4.12 pm

Tom Brake (Carshalton and Wallington) (LD): I will be brief, first because, regrettably, I have a prior engagement. I apologise to the Minister and the Opposition Front-Bench spokesman for being unable to be present when they respond to the debate. However, I will read *Hansard* carefully, because the Minister has a dilemma. An independent review has taken place, and probably all right hon. and hon. Members who have spoken wish that the outcome of that review was slightly different. I hope that *Hansard* will reveal how the Minister intends to take the matter forward.

My second reason for being brief is that many right hon. and hon. Members have made pertinent and cogent points, and have explained why the situation is not palatable or acceptable. In particular, my right hon. and learned Friend the Member for North East Fife (Sir Menzies Campbell) set out the concerns with the clarity and precision for which he is renowned. I hazard to say that he used an analytical and forensic approach, something that he thought the Chamber would have no appetite for, but I think it did. There is clearly an appetite in the Chamber today for the matter to be pursued in the House in the near future, with a debatable motion that can be voted on. I would welcome that.

The Liberal Democrats have a history of supporting campaigns to prosecute UK citizens in UK courts, and most notably in cases such as the NatWest three in 2006 and that of Gary McKinnon. My right hon. and learned Friend played a central role in pushing that. In 2009, while in opposition, our leader, the Deputy Prime Minister, said that Gary McKinnon's extradition would amount to a travesty of justice. He also said that the US-UK extradition treaty is lop-sided. I support that position and agree with that description. The treaty is lop-sided, and the same could be said about the European Union and the European arrest warrant. However, we must adopt a balanced approach to those arrest warrants, and right hon. and hon. Members have referred to cases in which constituents have been extradited, describing the impact on them. Equally, some hon. Members know of British citizens such as a constituent of mine whose son was seriously assaulted in Greece and nearly died as a result. Those who were believed to be responsible were British citizens who were subsequently extradited to Greece using a European arrest warrant. We must adopt a balanced approach.

It is clear from the debate that right hon. and hon. Members on both sides of the Chamber believe that agreements, particularly with the US and the European Union, have stripped the UK of many discretionary powers, and have arguably sacrificed the rights of British citizens for the sake of better relations with the EU and the US.

One contribution that I should highlight is that of the hon. Member for South Dorset (Richard Drax), who is no longer in his place. He made an unfortunate reference to "so-called" human rights. As citizens, we have intrinsic

human rights, and referring to "so-called" human rights denigrates our fundamental rights, which we should be proud of.

Sir Scott Baker's report explains that, in his view, there is much confusion and misunderstanding about how extradition works, and he rebuts the calls for a change in the law, particularly in cases such as that of Gary McKinnon. I do not agree with his findings, but the review is independent, so dissent is legitimate, if not encouraged. That is why I shall read carefully what the Minister says about that independent review.

Keith Vaz (Leicester East) (Lab): I understand that the Deputy Prime Minister, in his capacity as leader of the Liberal Democrats, has set up a party review under the chairmanship of the right hon. and learned Member for North East Fife (Sir Menzies Campbell). Can the hon. Gentleman tell the House when that review is likely to report?

Tom Brake: I thank the right hon. Gentleman for his intervention. My right hon. and learned Friend may want to intervene to provide clarity on when the panel will report.

Sir Menzies Campbell: As soon as possible.

Tom Brake: I thank my right hon. and learned Friend, who has responded in true ministerial mode. The panel will respond as soon as possible.

Sir Scott Baker's conclusions do not take into account the emotional strain that is put on individuals and families involved in extradition cases. His findings draw conclusions about, for example, whether a forum bar would have been used in historic cases, which are difficult to substantiate. He also suggests a periodic review of arrangements with certain countries, such as Russia or Azerbaijan, with which I feel very uncomfortable. I welcome the fact that my right hon. Friend the Deputy Prime Minister, the leader of the Liberal Democrats, has asked my right hon. and learned Friend to set up a panel, which will report as soon as possible.

I will not refer to the Joint Committee on Human Rights, because many other hon. Members have done so. I shall simply conclude by thanking Sir Scott Baker for his review, although I do not accept his findings. I therefore welcome and endorse the panel that is being established under the leadership of my right hon. and learned Friend. I hope that that panel will make recommendations to address the imbalances that we identified in opposition and which, because we have taken no action so far, remain and must be rectified.

4.19 pm

Keith Vaz (Leicester East) (Lab): It is a pleasure, Mr Leigh, to follow the right hon. Member for Carshalton and Wallington (Tom Brake) on this important subject. I join others in congratulating the hon. Member for Esher and Walton (Mr Raab) on securing this debate. I agree that it would have been better to have this debate on the Floor of the House. These important matters have been of concern to many Members, hence the large number of right hon. and hon. Members who have attended the debate.

I want to re-emphasise the decisions taken so far by the Home Affairs Committee. Before I do so, I want to commend the excellent report of the Joint Committee on Human Rights. It was fair and balanced. It provided Members with an insight into the struggles faced not only by individuals, but by members of families who support those individuals not only in the normal legal process, but against Governments of other countries. It certainly will help my Committee in the work that we do.

I have an apology to make. We started our inquiry into extradition a year ago, but unfortunately events in the Home Affairs Committee tend to gather pace and different issues occupy us. We were therefore not able to conclude our report, partly because of the Committee's heavy workload, but also because we were waiting for the outcome of Sir Scott Baker's review. I am pleased to tell the House that Sir Scott Baker will be appearing before the Committee on 20 December. We have been trying to get him before us for a while, but we thought it best that he should report first before we questioned him on his conclusions. This debate will provide us with a great deal of information about individual cases, which I hope will assist the Committee and Parliament once we publish our report in February.

I am delighted that the Liberal Democrats will be having their own review. Judging by what the chairman of the panel has told the House today, I have a fair idea what the conclusions will be even before the review has begun. It would be very odd if we had conclusions from a review chaired by the right hon. and learned Member for North East Fife (Sir Menzies Campbell) that were different from what he has said today and different from the principled stand that he took on the Gary McKinnon case. It would certainly be a shock to us all if they were different from the words of the right hon. Member for Carshalton and Wallington, and the words of the Deputy Prime Minister when in opposition, when he was clear that in his view Gary McKinnon should not be allowed to go to America to face trial.

Sir Menzies Campbell: I am loth to cause a shock to the right hon. Gentleman. He can assume that my views have been formed for a long time and are unlikely to be changed. However, there is an important element, to which I made reference earlier, about how one would effect the changes in the treaty arrangements between this country and the United States to ensure that a system that we find acceptable was put in place.

Keith Vaz: The right hon. and learned Gentleman is absolutely right. That is the fundamental basis for what should happen next. There is consensus across the House about what is wrong with the treaty. I have spoken to previous Home Secretaries under the previous Government, one of whom expressed regret about the way in which the original treaty was negotiated. The next step, therefore, must be to look again at the treaty and see what changes can be made.

We have heard some extraordinary stories—I should say case histories, not stories—from the hon. Members for South Dorset (Richard Drax) and for Richmond Park (Zac Goldsmith). We have heard about the excellent work by my right hon. Friend the Member for Tooting (Sadiq Khan). The Home Affairs Committee listened carefully to the evidence given by the father of Babar

[Keith Vaz]

Ahmad when he appeared. He spoke with great dignity. If someone's son has been in custody for as long as Babar Ahmad, I would expect anger and outrage, but the way in which he gave evidence to the Committee was absolutely commendable.

The hon. Member for Enfield, Southgate (Mr Burrowes), who is not in his place at the moment, has done an outstanding job in protecting his constituent and in advancing the cause of Gary McKinnon. I do not think that we would have been discussing these issues had it not been for the case studies that we have had in Tooting and Southgate.

The Home Affairs Committee has unanimously written to the Minister. We wrote to the previous Minister with responsibility for immigration and the previous Home Secretary under the previous Government to urge them to write to the United States to express a view and conclude this matter. That is my plea to the Minister. We are told that politics is not included in such matters because of their legal nature, but we know that the Prime Minister spoke to President Obama about these matters when the President came to the United Kingdom, so there is politics in this. I cannot see why it has taken 18 months for the Home Secretary to make a decision about this case. I have written to her regularly on behalf of the Committee. Each time she has replied to tell me that the medical evidence cannot be agreed, but the medical evidence, as we have heard from the hon. Member for Enfield, Southgate, has not changed over the past 18 months. I hope that we can reach a conclusion on this. Once we conclude on Gary McKinnon, and then when we hear the views of the Deputy Prime Minister, we will know the coalition Government's position on the Act and the treaty. That is why the McKinnon case is so important.

I hope that we will have closure on this matter. I hope that right hon. and hon. Members who have other cases will be able to get satisfaction. I do not know whether our report will be as brilliant as the report of the Joint Committee on Human Rights, but I hope that, when we report in February, after we have taken evidence from Sir Scott Baker, we will be able to assist the House in deciding what the next steps will be.

4.27 pm

Caroline Lucas (Brighton, Pavilion) (Green): Let me add my congratulations to the hon. Member for Esher and Walton (Mr Raab) on securing this important debate.

I am grateful to other hon. Members who have made a strong case for the radical reform of the UK's extradition treaties by citing the powerful case studies of Deborah Dark and Gary McKinnon and far too many others. Like other hon. Members, I want to use the opportunity of today's debate to raise the case of Babar Ahmad. As other hon. Members have said, Babar Ahmad, a British citizen, has been detained in the UK for seven years without charge or trial. He is fighting extradition to the USA under the Extradition Act 2003, which, incredibly, does not require the presentation of any prima facie evidence.

Babar is not alone in his ordeal. The poet, Talha Ahsan, is another UK citizen who has also been held—his case is related to Babar's—without charge and without trial under our shocking extradition arrangements. He is now entering his sixth year of imprisonment. I pay tribute to the courage and bravery of Babar and Talha's families in fighting for justice for their sons. Before I go on, I want to join others in paying tribute to Babar and Talha's MP, the right hon. Member for Tooting (Sadiq Khan). He is here today, but, as a member of the shadow Cabinet, he is not permitted to contribute to this Back-Bench debate. As we know, he stands firmly by both Babar and Talha and their families and has done so since their ordeals began.

As hon. Members know, in June this year, the Joint Committee on Human Rights urged the Government to change the law, so that Babar Ahmad's perpetual threat of extradition was ended without further delay. Since all the allegations against Babar Ahmad are said to have taken place in Britain, Babar's father has started an e-petition to call on the Government to put him on trial in the UK and support British justice for British citizens. As hon. Members will know, over 140,000 people supported that e-petition and, although today's debate is welcome, it is not enough.

There are three key reasons why we need a full debate on a votable motion in the main Chamber. First, I am grateful to the hon. Member for Battersea (Jane Ellison), who is no longer in her place. She sits on the Backbench Business Committee, and gave an assurance that it would look again at the possibility of holding a full debate in the main Chamber. That is important because of the level of grass-roots support for the e-petition on Babar Ahmad. The campaign had no formal organisation; there were no big newspapers behind it and it was basically an outflowing of grass-roots outrage that saw the families involved going from door to door in south London, out in the cold and the rain, standing outside supermarkets, churches and mosques, and making videos of each other signing the petition—many of those videos were posted on YouTube. It was an example of democracy in action.

The petition gained astounding support in such a short time because this is a shocking human rights case. People are rightly appalled at the simple but extraordinary fact highlighted in the petition: a British citizen is being held, without charge and without trial, in a maximum security prison, and that has gone on for over seven years. I have long lobbied for the closure of Guantanamo Bay, and as we approach the 10th anniversary of its existence, the cases of Babar and Talha remind us that one of the most fearful things about it—people being held without charge and without trial—is happening on UK soil at the behest of the US.

I appreciate that the Backbench Business Committee may find it difficult to devote parliamentary time to every petition that passes the threshold of 100,000 signatures, but this was a genuine grass-roots campaign. If we do not have a full debate in the Commons, we risk alienating the more than 140,000 people who signed the e-petition following efforts by the families involved. Those families want a debate on a votable motion in the main Chamber, as do the campaign's many supporters. Officially, of course, all parliamentary Chambers are of equal standing, but in the eyes of the general public there is a difference between Westminster Hall and the main Chamber of the House of Commons. Critically, that difference comes down to whether there will be a vote and, quite rightly, Babar Ahmad's supporters want to see their MPs take a stand on the issue.

Secondly, Babar's family have been deeply moved that, in the midst of a recession, more people have expressed their concern to Parliament about a British citizen being detained for over seven years without charge or trial, than have shown their anger about rising fuel prices. We will send a negative message to all those who have engaged with the e-petition process if we do not take the matter forward with a debate in the main Chamber.

One of our strongest tools for combating the threat of terrorism is vigorously to protect justice, democracy and human rights. Every time we undermine the values that we purport to protect, with legislation such as the Extradition Act 2003, we run the risk of adding to the sense of alienation that we know is felt by many of our young people. Over 140,000 people have told Parliament that they want MPs to engage more with such issues.

The third reason for having a debate on the Floor of a House and a vote is that we urgently need to change the law. The detention without trial of Babar and Talha undermines our democracy.

Chris Bryant: Will the hon. Lady be clear about what she wants the vote to be on?

Caroline Lucas: I would be happy to take advice from other hon. Members on that, but a vote should consider the design of this country's extradition treaty, so that it is not imbalanced, as it currently seems to be. I would like such a vote to refer directly to Babar but I understand why others may not. This is a point of general principle, illustrated clearly by the case of Babar Ahmad.

Members have heard the circumstances of Babar Ahmad's arrest in 2003, and the fact that he sustained at least 73 injuries, all later documented by police and independent doctors. He filed a formal complaint, stating that he had been subjected to horrific physical, sexual and religious abuse by the arresting police officers. In March 2009, the Metropolitan police force finally admitted liability in the royal courts of justice in London and said that it had carried out the assault on Babar Ahmad in December 2003. The then Metropolitan Police Commissioner, Sir Paul Stephenson, admitted that Babar had been the victim of a

"serious, gratuitous and prolonged attack."

In March 2009, Babar was awarded £60,000 compensation by the High Court. He is now, however, in his eighth year at a top-security prison, even though he has been found to have no case to answer in this country. The US has alleged that Babar was running a website that solicited funds for terrorist organisations, including al-Qaeda and Chechen rebels. That is a serious accusation, and there should, of course, be a trial. Babar and his family desperately want the case to stand trial but wish that to take place in the UK, not in the US, so that he can clear his name. That is partly because Babar is a British citizen and accused of having committed crimes in the UK, and partly because going to the US would separate him from his family, friends and legal representatives, and seriously undermine his ability to mount a strong defence.

Babar's lawyers point out that other comparable prosecutions are proceeding in the UK. Nevertheless, in July 2004 and December 2006, the Crown Prosecution Service declared—as did the Attorney-General, Lord Goldsmith, in September 2006—that there was "insufficient evidence" to charge Babar Ahmad with any criminal offence under UK law, and that he should be extradited to the US. Last night, in a shocking turn of events, Babar's lawyers received a letter from the CPS, which admitted for the first time that it was never given the evidence that was sent to the US, apart from "a few documents." The bulk of the evidence was shipped straight to the US by the police. Astoundingly, although we had previously been led to believe that the CPS had viewed all the evidence and judged it insufficient to bring the case to trial in the UK, we now have a confession that it had not even seen all the evidence, let alone investigated it properly. A proper decision has not been made on whether a prosecution can go ahead in the UK.

After talking to the lawyers involved, I understand that the CPS knew all along that it had not been given all the evidence. However, it let Babar Ahmad languish in a maximum security prison with the threat of extradition to the US, under the false belief that the CPS had seen all the evidence against him. If that is the case, it is appalling and raises serious questions about why evidence that should have been given to the CPS was not produced, and why Babar was not told about it. Who directed and authorised that circumvention of the CPS, apparently in deference to and at the behest of the US?

The issue is simple: either there is evidence or there is not. If there is evidence, a prosecution should go ahead in the UK. The CPS must immediately obtain a copy of all the evidence, which was gathered in the UK by UK authorities, and it must then review that evidence together with its decision on whether to prosecute in the UK. Given the new revelation from the CPS, it seems—appallingly—that UK authorities deferred to the US, thereby subverting the process that should have been followed and denying Babar Ahmad a trial in this country. Because of the seriousness of the case, it is appropriate to call today for a full public inquiry into what has gone on.

On 10 June 2007, the European Court of Human Rights ordered the UK Government to freeze Babar Ahmad's extradition until it had fully determined his final appeal. The European Court has declared that Babar's application is partially admissible and now awaits further observations from the UK Government on the life sentence without parole, in solitary confinement in a supermax prison, that Babar faces if extradited to the United States. The final decision is expected before the end of the year.

It is astonishing that the previous Government passed an Act that does not require the presentation of any prima facie evidence by the US when they wish to extradite a UK citizen. That must be changed urgently, and the way to start such a process is by holding a debate in the main Chamber and having a vote as soon as possible.

In addition to enormous public support, this case also has cross-party backing, together with the support of the Joint Committee on Human Rights, the Home Affairs Committee, and 100 senior barristers and solicitors who wrote to the Leader of the House this week, requesting that the matter be properly debated in the main Chamber of the House of Commons. Today's revelations by the CPS make the case for a full debate with a vote even more urgent, and I hope that the Government will look favourably at the issue.

4.38 pm

Nick de Bois (Enfield North) (Con): I am conscious that I will be the last person to contribute before the winding-up speeches. A lot has already been said, and I will not repeat points for the sake of repetition, as I believe may have happened previously. Having read the Scott Baker report, my goal is to seek assurances from the Minister that he will engage with the report so that we avoid a passive and compliant acceptance of it. I am sure that he recognises the strength of feeling among hon. Members.

The reason for my concern is summed up in point 1.11 on page 11 of the weighty document that is the Scott Baker report. It simply says:

"Apart from the problem of proportionality, we believe that the European arrest warrant… has worked… well."

Given the lack of evidence submitted in relation to the Scott Baker report from those who have been on the receiving end of miscarriages of justice—that is how I regard the way they were treated—we would do well to urge the Minister to take into account anecdotal evidence and to lend more weight to it than it seems to have been given in the report.

One reason why I was keen to speak is that I wanted to give voice to my constituent Andrew Symeou and his family, whose nightmare came to an end only earlier this year following a three-year process in which Andrew was finally extradited in 2009 after an arrest warrant had been issued in 2008. He subsequently spent one year in jail in Greece, where he was refused bail simply because he was a foreigner. On top of that, by the time he was rightly found innocent of all charges, there had been a massive cost to his family, whom I have been privileged to get to know very well. They put their lives on hold when they went to Greece to support their son while he was in jail for a year. That gross misuse of the European arrest warrant meant that Frank Symeou's business inevitably suffered; indeed, he no longer has that business. There was a direct cause-and-effect relationship between the two things. I place on the record my immense admiration for the way they stood by their son, fought bureaucracy, fought their corner and ultimately won the justice that Andrew deserved. Andrew is determined, rightly, to see that we get changes to a system that he believes should not be allowed to administer justice of the sort that he went through.

The right hon. and learned Member for North East Fife (Sir Menzies Campbell), who is not in his place, said that he felt that hon. Members were not ready for a forensic, detailed analysis of the 480 pages in Scott Baker's report. That means that I have wasted a lot of my bedtime reading, but I would like to draw attention to two or three things that point to why the report is wrong to assume that, apart from the problem of proportionality,

"the European arrest warrant scheme has worked reasonably well."

I shall draw again on real-life anecdotal evidence. I feel that, throughout the review, Scott Baker managed to overlook that anecdotal evidence and has all but rejected many of our concerns.

Let us first examine the concerns regarding the mistreatment of a fugitive's fundamental human rights. For example, quite important in a trial or a prosecution process, as I am sure hon. Members agree, is the right to have proceedings carried out in one's own language or with a full translation. I hope that hon. Members share my shock that, although Andrew Symeou was given a translator on the opening day of the trial, it was clear when opening statements were being made that the translator could not even tell the difference between the words "juror" and "witness". Worse, the translator summarised one set of remarks by saying, "Well, it was something like that. I hope that that will do for you." That is not the best method of giving confidence to a defendant and it does not meet the requirement to provide a full translation of proceedings. It should be noted that the translator in question was being paid barely £14 a day. I am forced to conclude that that does not necessarily buy the best translation services.

In point 5.53 on page 138 of this weighty volume, Scott Baker says:

"We are also of the view that as a starting point it is not inappropriate to begin with an assumption that surrender to another Member State of the European Union will not involve a violation of human rights."

He therefore assumes that everything will be okay because the countries that sign up to the European arrest warrant have signed up to the charter of human rights. I submit that that is repeatedly highlighted as a failing.

Let us examine one other area of the review. It does not necessarily relate directly to my constituent, but it points to one of the weaknesses in the report. I am referring to the question of dual criminality. I will not bore hon. Members by going into that in detail—I will assume a degree of understanding—but essentially, under the European arrest warrant scheme, people can be extradited for acts and behaviours that, no matter how abhorrent we may consider them—xenophobia is the most well known example—are not criminal offences in the UK. That flaw has already been highlighted in the work done by the Joint Committee on Human Rights, but Scott Baker's conclusion is, "Well, yes, we note that"—I paraphrase of course—"but given that it has not been an issue in the last few years, we're not worried about it." It worries me that people recognise that something is not quite right, but because nothing has really gone wrong in the past, it is okay. That is like a mechanic noticing a flaw in an aircraft's landing gear but not taking corrective action, because as far as he is concerned, up till then the plane has always landed safely with the wheels coming down. It does not build confidence.

I am surprised, as I am in relation to other matters—I will not go into them, given the time—that we have not used the review to think about other possible problems that have been highlighted, but, because we may not have come across them, have been dismissed. That is not a satisfactory way to proceed.

I endorse what was said about the nonsensical situation of a court not needing to examine prima facie evidence before a fugitive is extradited. That is considered by the review, but no alternative is reasonably suggested. Again, my concern stems from the case of my constituent, Andrew Symeou. My hon. Friend the Member for Esher and Walton (Mr Raab) highlighted the fact that there were clear discrepancies in the evidence. Clear evidence was presented to the court that showed a change in the statements of witnesses—witnesses who were first in Greece and put under a lot of pressure, but

then returned to the UK and immediately withdrew their statements. There was some evidence of abuse as well.

The court noted that, but made it clear that, with the European arrest warrant, this is simply a tick-box exercise—so long as the boxes are ticked, it is not within its remit to pass judgment on the quality of that evidence. Therein lies the problem; that is where we should try to raise the bar. Much has been said about the opportunity to do that. I endorse the support given for a forum bar. That must be examined to introduce a level of security for our citizens in what is a critical affair for them.

My overriding sense and concern is that the European arrest warrant scheme has—not by malicious design; I understand why it was set up—made a particular substitution in the interest of expediency. Of course, we all know the flaws that existed long before it came along. I am thinking of the Costa del Sol—Costa del Crime—and so on. However, in the interest of expediency, the scheme is prepared to accept it as reasonable that there will be disproportionate effects and potential miscarriages of justice. I submit that we should not tolerate that. Not one British citizen should have to go through what my constituent and the others whom we have heard about went through in the interest of expediency and process, however well motivated and well intentioned it was.

I had hoped and expected that the Scott Baker review would be a wholesale rethinking of the UK's extradition arrangements. Going by today's debate, it does not appear to have lived up to anyone's expectations, which I am disappointed by. I remind Members of a comment made before the election that indicated what members of our Front-Bench team thought—that the UK's extradition arrangements were "a mess". It is reasonable to conclude that our hopes for Scott Baker now are that while we can learn, listen and take on board what he has said, we must not lose sight of our duty to ensure that our citizens have the right process of justice. That must not be sacrificed on the altar of expediency and process, no matter how successful those might have been with some serious crime. We must find a way through the problem so that we do not end up with fundamental abuses of individuals' rights, such as those of my constituent, Andrew Symeou.

I hope that we reform the UK's extradition arrangements so that they are fair and balanced. I am not saying that there is no need to have in place a system that speeds up an extradition process, but fundamentally, I urge Ministers to protect British citizens, rather than sacrifice them on the altar of expediency.

4.51 pm

Chris Bryant (Rhondda) (Lab): It is a delight to serve under your chairmanship, Mr Leigh, although I rather liked the moment when you were sitting behind me as though you were my Parliamentary Private Secretary; that would have been a unique combination, and we would have had fascinating debates in our team.

I warmly congratulate the hon. Member for Esher and Walton (Mr Raab) on securing this debate. He always manages to secure debates, and the debates are never uncontentious. At the rate he is going, I suspect that he will be the next leader of the Conservative party, but having said that, I have probably destroyed his career.

I agree with right hon. and hon. Members that it is unfortunate, to say the least, that a part of our debate this afternoon is a tagging on of a matter that has been raised by a petition, which has been supported by more than 140,000 people. I have my personal criticisms of the way in which the e-petition system was set up. There are problems in that what the public want may not necessarily be what an individual Back Bencher wants the Backbench Business Committee to advance. However, the topic has its own specific importance and should be debated properly on its own.

I have asked the hon. Member for Brighton, Pavilion (Caroline Lucas) about the nature of the question that one should ask, as that is an important principle. Our debate is in Westminster Hall, immediately next to a place where Parliament regularly used to decide on the guilt—it was nearly always the guilt, rarely the innocence—of people, who were then sent off to face the death penalty. Notwithstanding that fact, it is a good principle that Parliament and elected politicians do not decide on the innocence or guilt of any individual; I am sure that she was not saying that they should. They can decide on matters such as whether they or the House have been lied to and whether there has been a breach of privilege.

Some people have been moving towards the view that we should take some kind of vote on the issue, which I think would be difficult to do. It would also be difficult for us to vote precisely on the question of whether someone should be prosecuted. It is not for this House to decide whether the British prosecuting authority should prosecute. I wholeheartedly support the idea that we have a proper debate on Babar Ahmad in the main Chamber, and also on the wider issues of extradition, the extradition treaty and the European arrest warrant, probably on a votable resolution. However, it would be inappropriate to breach the basic principles that I have set out.

It is a delight to see the Chair of the Select Committee on Home Affairs back in his seat. He sent me a lovely note earlier to say that he was off to another meeting and might miss my "brilliant" speech—though I note that he had added the word "brilliant" afterwards. I think he sent the same note to the Minister.

It is important that we proceed with further debates on another occasion on substantive motions. I recognise the fact that my right hon. Friend the Member for Tooting (Sadiq Khan) has sat here throughout this afternoon's debate. That is part of the ongoing care that he has been taking of his constituent, which many Members in the debate have recognised.

We have to acknowledge some important first principles. Extradition is a vital part of ensuring the security and safety of people in our own country and around the world, and ever more so today. Perhaps in the 17th and 18th centuries, British people could have evaded justice in this country by going abroad, and vice versa. I do not believe that anyone in the Chamber believes that that should be the case today, especially in a world where people cross borders far more frequently and where crime can be conducted from one country in another country far more easily. It is all the more important that we have a sane and sensible process of extradition.

One of my criticisms of one of the most unfair imbalances relates to the relationship between the United Kingdom and Russia. Russia will not extradite—because

[Chris Bryant]

its constitution refuses to allow it to do so—any Russian national ever, come what may. I believe that Andrey Lugovoy should have been extradited to this country a long time ago for the murder of Alexander Litvinenko. I do not think we will ever see justice for Mr Litvinenko's widow, who suffers, in many ways, exactly the same deprivation of justice that many have referred to in the cases where British people have been extradited abroad.

The UK issued 1,295 European arrest warrants in a relatively short period of seven years. Out of those, there have been 581 surrenders to the UK. Sometimes, they have been British nationals in other countries who have committed crimes. The hon. Member for Enfield North (Nick de Bois) referred to the Costa del Crime. British prosecuting authorities being unable to pursue justice had been a permanent feature—people could go off, live in Spain and never come back to the UK. I am glad to say that the Costa del Crime has been closed down. One of the people involved in the 21 July attempted bombings in the United Kingdom was brought back to the UK from Italy swiftly by virtue of the European arrest warrant. Similarly, a large number of IRA terrorists were brought back to the UK by the EAW. We should not chuck the baby out with the bathwater. There were 179 returns from Spain and 117 from Ireland, which is quite important to us.

Of course, extradition should not always be granted. Notwithstanding the many cases that have been referred to this afternoon, many requests are not granted. There were 4,325 requests to the UK, and only 3,107 were granted. Indeed, quite a lot from Russia have not been granted, because they were determined to have been based solely on political considerations and not truly on the pursuit of justice. That is why the two clauses regarding the two categories of countries relating to human rights are important.

Nick de Bois: Can the hon. Gentleman clarify whether some of the applications were not exercised in full or executed simply because the authorities could not find the people, as opposed to finding reasons not to extradite?

Chris Bryant: The honest truth is that it is a right old mix. That is why, as we consider the matter, there is a danger that we proceed only on the basis of what the hon. Gentleman referred to as anecdotal evidence of individual cases, rather than properly garnered substantive evidence that covers the whole realm.

I know the case of the hon. Gentleman's constituent very well; I have met the family. When the hon. Gentleman's predecessor was a Member of Parliament, I answered debates. At the Foreign Office, we tried as much as possible to rectify the problems with Greek justice. His constituent's case was far from a unique example, not specifically regarding extradition, but regarding British people facing justice in Greek jails, in a criminal justice system that was falling apart at the seams in many ways. The Foreign Office had a difficult job to do in trying to ensure that those people got justice.

Charlie Elphicke: The hon. Gentleman cited the case of Russia. Does he think that, in such dealings, reciprocity is an important underlying principle that we should follow?

Chris Bryant: Yes, of course I do. It is always quite difficult to achieve perfectly because people have different criminal justice systems. If we proceed on the basis of English common law, we end up with a different sort of process than we would if our whole justice system were based on the Napoleonic code. This is where we need to do more work on the European arrest warrant. I would not want to get rid of the EAW because, broadly speaking, it has worked to our benefit. There are elements of it, however, that have not helped. It seems bizarre, for instance, that 1,659 of the cases that are sought from the UK are from Poland and 355 from Lithuania. The rumour is that they are all to do with sheep rustling and so on, but because there is a different prosecutorial regime in Poland and in Lithuania, we need to get to a system of proportionality in the advance of European arrest warrants. If we do not, we simply will not have the reciprocity to which the hon. Gentleman refers. We also need to do more to help other countries to develop a strong criminal justice system that meets the threshold for justice and impartiality to which we, in this country, aspire. That is obviously an important part of what we need to work on in relation to new countries coming into the European Union.

I also believe that justice in relation to extradition needs to be exercised on a fair, balanced and relatively swift basis. If we take completely out of the equation the nature of the allegations against Mr Ahmad, the fact that he has been in prison for so long without any form of trial, charge or anything at all is manifestly unfair and unjust. It is not because the Americans want him to be kept there—they would like to be able to proceed with the prosecution and come to a resolution of the case. It is because the European Court of Human Rights is taking a phenomenally long time to resolve its issues, which is why I support substantial reform of how the Court operates so that there can be a degree of swiftness in relation to extradition. In a sense, slow justice is no justice.

When we were in government, we made it clear that the US and the UK ran different but parallel systems. The Baker review agrees with what Patricia Scotland said when she was Attorney-General. If there is to be a change in the balancing requirements between the two countries, it must be based on hard evidence. Some of the numbers that have been advanced this afternoon in relation to the US are not, I think, right. In so far as I am aware, there have been many more requests to the UK than there have been from the UK to the United States of America. However, I think only one request to the US has been denied since 2004. Of course more British people go to the United States regularly than there are Americans who come to the United Kingdom, so the imbalance in the numbers is partly to be expected.

The Parliamentary Secretary, Office of the Leader of the House of Commons (Mr David Heath) *indicated dissent.*

Chris Bryant: The Deputy Leader of the House is shaking his head. If he has other statistics, I will be happy to give way to him.

The Government have a problem. The Conservative party and the Liberal Democrats made a series of commitments when they were in opposition to change the treaty to ensure that Gary McKinnon would not be

sent to the United States of America. As I understand it, the Government were going to rely on the Baker review, but that review has provided exactly the opposite answer to what they expected.

The Minister for Immigration (Damian Green) *indicated dissent.*

Chris Bryant: The Minister is shaking his head. Perhaps he will correct my impression in a moment.

Mr Burrowes: I rise in reference to Gary McKinnon. I am not aware of any suggestion from the Government that the Baker review is linked to Gary McKinnon because any measure would have to be applied retrospectively. The only determination in relation to Gary McKinnon relies on the review's work with respect to medical evidence. It is important for us not to talk down the opportunities for Gary McKinnon on the back of the Baker review. It is primarily on the basis of the medical evidence that his case is being considered.

Chris Bryant: The hon. Gentleman makes an important correction. I apologise for that conflation of views. We have the Baker review now. I am sure that hon. Members are far more interested in hearing from the Minister about what the Government will do about this than in hearing from me.

Steve Baker (Wycombe) (Con): Hear, hear.

Chris Bryant: I thank the hon. Gentleman for that. I have a series of questions for the Minister. What timeline are the Government setting themselves for proceeding with this matter? As every month goes by, there are more extradition requests and more people are brought into the system. What do the Government intend to do in relation to Gary McKinnon and what timetable are they proceeding along? What estimation have they made of the Baker report? Do the Government agree with any of it? Do they intend to commission a new report? What standing will the report by the right hon. and learned Member for North East Fife (Sir Menzies Campbell) have in relation to the Government's position?

5.6 pm

The Minister for Immigration (Damian Green): It is a pleasure to sit under your chairmanship for the first time, Mr Leigh. I join everyone else in congratulating my hon. Friend the Member for Esher and Walton (Mr Raab) on gaining this debate. He and I have fought on the same side in many civil liberties battles over the years and will continue to do so. I thank him for the thoughtful tone of his introduction, which infused the debate and continued up to and including the speech made by the hon. Member for Rhondda (Chris Bryant) on behalf of the Opposition. I am happy to assure my hon. Friend the Member for Enfield North (Nick de Bois) that we will indeed take very seriously the points that have been made in the debate. As my right hon. and learned Friend the Attorney-General said in the House last week in respect of the extradition review, the Government are currently considering what action to take on these issues. As he made clear, we welcome these debates and the representations that have been made.

We have seen a number of high-profile extradition cases in recent years. The surrender of a person to another country to face trial is always a challenging and difficult process both for the person concerned and for his or her family. What is vital, and what the Government have said repeatedly in the context of the extradition review, is that we strike the correct balance between seeking redress for victims of crime, while protecting the fundamental rights of suspects brought to justice. That is the underlying principle that lies beneath today's debate and it is why the debate is so useful. As has been said repeatedly this afternoon, a number of issues linked to our extradition arrangements have been of long-standing concern to Parliament.

Since the Extradition Act 2003 came into force, there have been numerous debates in Committees and on the Floors of both Houses. The issues range from the UK's extradition arrangements with the United States, the forum bars to extradition and the European arrest warrant and they have all been debated at length. In addition, there have been various public debates and campaigns on specific cases and issues relating to extradition. A lot was said under the previous Government by the then Opposition parties about these issues. On coming into government we recognised that there were long-standing and deeply held concerns that we wanted to address. That is why the coalition's programme for government document made a clear commitment to

"review the operation of the Extradition Act–and the US/UK extradition treaty–to make sure it is even-handed."

In September 2010, the Home Secretary announced an independent review of the UK's extradition arrangements. The review was chaired by Sir Scott Baker, a former Lord Justice of Appeal who presided over the inquests into the deaths of Princess Diana and Dodi al-Fayed. Sir Scott was assisted by two lawyers, David Perry QC and Anand Doobay, who between them have a wealth of experience of extradition from both a prosecutorial and a defence perspective. That independent panel undertook an extensive examination of the issues, including a very thorough and careful consultation process, with a range of parties representing all shades of opinion on the subject.

It is clear from this afternoon's debate that the conclusions that the panel reached are not attracting universal assent. It has been very interesting to hear the views that have been expressed this afternoon, and I promise the House that those opinions will be given the most careful scrutiny before we reveal to the House the action we propose to take in response to the extradition review.

We have learned this afternoon that my right hon. and learned Friend the Member for North East Fife (Sir Menzies Campbell) and his commission on behalf of the Liberal Democrat party will publish a report on extradition; I think he said that it will be published as soon as possible. We discovered that the Home Affairs Committee is to publish a report in February. Clearly, the debate is not at an end and there will perhaps be a plethora of further responses, all of which will feed into the Government's own consideration of the Scott Baker recommendations.

Although I am responding to the general part of today's debate on extradition, it is important that I refer to some individual cases, not least because the case of Babar Ahmad is cited specifically in the context of today's debate and, as has been said several times, the

[Damian Green]

shadow Justice Secretary has sat here throughout the debate. He is enforcedly silent because of the rules of the House, but I know that he has been playing a most proper and energetic role defending his constituent's interests in this case.

I appreciate that my hon. Friend the Member for Esher and Walton said that he did not want this to be a dry lawyer's debate. I have never been accused of being either dry or a lawyer, but I am afraid that I am forced to go into the legal undergrowth in the Babar Ahmad case, and indeed that of Gary McKinnon.

I will start with the background on Mr Ahmad's case. He was arrested for extradition purposes in August 2004. His case was dealt with under the Extradition Act 2003. Under the normal scheme of that Act, extradition hearings take place before a district judge at the City of Westminster magistrates court. The court found that there were no bars to Mr Ahmad's surrender, whether on human rights or any of the other grounds that the court considers. Accordingly, the district judge sent the case to the Home Secretary for a decision under the 2003 Act as to Babar Ahmad's surrender. As part of that process, it was then open to Mr Ahmad and those acting for him to make representations as to why he should not be surrendered. Following due consideration, it was decided to order surrender. At that point, Mr Ahmad had a statutory right of appeal against the decision of the district judge to send the case to the Home Secretary and the decision of the Home Secretary to order surrender. That appeal took place in July 2006 before the High Court and judgment was given in November that year, when the appeal was dismissed. There followed a petition for leave to appeal to the House of Lords, which in June 2007 refused leave. In that way, Mr Ahmad exhausted all the available domestic avenues for contesting the request for his extradition.

Mr Ahmad then applied to the European Court of Human Rights. On 12 June 2007, that Court imposed a stay on his extradition, and on 8 July 2010—three years later—the Court declared his case partially admissible and it remains under consideration by that Court. The e-petition on behalf of Mr Ahmad calls for him to be put on trial in the UK, since the allegations against him in the United States relate to alleged conduct that took place while he was in the United Kingdom. The Government note the concern of petitioners on this issue, but it is not for the Government to decide if and when someone should be prosecuted in the United Kingdom. The decision as to whether to bring a prosecution is a matter for the independent prosecuting authorities—

Caroline Lucas: Will the Minister give way?

Damian Green: I will give way shortly; let me finish going through the detail.

To date, the prosecuting authorities have decided not to prosecute Mr Ahmad in the UK and in terms of the extradition request the courts in the United Kingdom have held that authorities in the United States have jurisdiction in relation to the offences of which Mr Ahmad is accused, and that they are entitled to seek his extradition. Mr Ahmad's case has been exhaustively considered by the UK courts and they have concluded that there are no bars to his extradition.

Caroline Lucas: I am grateful to the Minister for giving way. Can he say whether he believes that the latest information we have—that the CPS apparently did not see all the evidence before it went to the US—changes the analysis that he is putting forward? How will his Department follow up the matter? It seems pretty shocking to me if the CPS has essentially been saying that there is insufficient evidence to try Mr Ahmad in the UK, yet now we discover that it has not even seen all the evidence.

Damian Green: The hon. Lady made an extremely interesting point earlier; when she revealed it a few minutes ago, it was the first I had heard of it. Obviously, all involved will need to look very carefully at the evidence that she is bringing forward.

Mr Ahmad is now challenging extradition before the ECHR. The Court has asked a number of questions in relation to the case and both sides have submitted observations on those points on several occasions. The review panel highlighted in its report cases that awaited a decision by the ECHR and the amount of time that they had been before that Court. It recommended that the matter of the delay is taken up by the Government urgently, and that the Court should be encouraged to give priority to cases where extradition has been stayed. The Government are considering that recommendation along with the others made by the review panel, but the United Kingdom has previously pressed, and will continue to press, for the Court to reach its decision as soon as possible.

Understandably, many concerns have been expressed, both today and over the years, about the length of time that Mr Ahmad has been detained in custody awaiting the outcome of the extradition request. Again, I obviously appreciate the concerns about this issue, but Mr Ahmad has been detained at all times on the order of the court. He may, of course, apply for bail at any time and a decision as to whether to grant any application for bail is also a matter for the court.

As I have said, we continue to press the ECHR to reach its decision on the case as soon as possible, and where the Court seeks observations or clarifications from the Home Office on the representations in the case, they are provided as soon as possible. We are acutely aware of the time that has passed since the extradition request was first made and of the importance of dealing with the matters raised as quickly as is consistent with fairness to all sides.

Concerns have also been raised in respect of the case of Gary McKinnon and I hope that it will be useful if I also update the House on his case. Mr McKinnon's case is different from Mr Ahmad's case as it falls to be decided by my right hon. Friend the Home Secretary. I will briefly explain the reasons. Mr McKinnon has exhausted all rights of appeal under the Extradition Act 2003 and in his case the ECHR refused an application to impose a stay on his extradition. However, the Home Secretary is under a duty under the Human Rights Act 1998 not to act in a manner that is incompatible with a person's rights under the European convention on human rights. Therefore, she must consider whether, as a result of events occurring after the extradition proceedings, it would be contrary to the convention for a person to be extradited. The sole remaining issue, therefore, is whether extradition is compatible with Mr McKinnon's

convention rights. The Home Secretary sought the independent advice of the chief medical officer, who has provided the names of two experts she believes are well placed to provide evidence on the relevant medical issues. Those experts have now been instructed to review the various reports that have been submitted in Mr McKinnon's case. They will prepare a report that will help the Home Secretary to determine whether or not extradition would contravene Mr McKinnon's convention rights.

The case is taking time to resolve. Obviously, it would not be appropriate for me to go into the detail, but as Members will appreciate there have been a number of issues relating to the case that have been the subject of lengthy discussions. We hope that the experts will report as soon as possible. However, this is not an easy case and there are a number of issues that will need to be considered in depth. I am conscious of the long and energetic campaign mounted by my hon. Friend the Member for Enfield, Southgate (Mr Burrowes), and I know that he appreciates the frustrations of all involved at the length of the case.

Members on both sides of the House have raised concerns about specific European arrest warrant cases, and although the EAW is dealt with operationally by the Serious Organised Crime Agency and not the Home Office, a number of significant cases have been brought to our attention. The extradition review, although not referring specifically to cases, has dealt with a variety of high-profile issues that the cases have highlighted. I assure Members that we will take those issues, and the circumstances of the individual cases, into account when considering the range of EAW issues, many of which were dealt with in considerable detail by the extradition review panel. In particular, I share the concern of my hon. Friend the Member for Esher and Walton about European arrest warrants being issued for trivial offences. I know that other EU member states and, indeed, the European Commission, share that concern with the British Government. As part of the review process, we are considering what action we should take to address the issue. In the meantime, there are ongoing discussions with our Polish counterparts to encourage their prosecutors and courts to consider whether the issuing of an EAW, in the way it has been done in the past, is a proportionate step to take.

My hon. Friends the Members for South Dorset (Richard Drax) and for Richmond Park (Zac Goldsmith) said that they supported the concept of the EAW but that it had to be properly implemented, and when the Home Secretary announced the extradition review we recognised that there were serious concerns regarding that. The Baker report looked at that area in considerable detail and made recommendations on proportionality, pre-trial detention and, in certain cases, the possibility of people serving sentences in the UK rather than being extradited. In reaching its conclusions, the extradition review panel took evidence from a wide range of parties, and we will be looking at it very carefully.

Many Members raised issues about UK and US extradition figures, including the hon. Member for Bolton South East (Yasmin Qureshi), my right hon. and learned Friend the Member for North East Fife and the hon. Member for Aberavon (Dr Francis) who chairs the Joint Committee on Human Rights. Between 2004 and July 2011, the US made 130 extradition requests to the UK, seven of which have been refused by UK courts, and the UK made 54 requests to the US, none of which has been refused. In the same period, 27 UK citizens were extradited to the US and 18 US citizens to the UK. To clear up a point of confusion, the UK-US treaty covers all types of criminality; it was not agreed simply to ensure that people suspected of terrorist offences could be brought to justice. Indeed, no one has been extradited in either direction for terrorist offences since 2004, because in the case of extraditions to the US, the cases, including Babar Ahmad's, are being considered by the European Court of Human Rights in Strasbourg, due to the human rights issues they raise.

My right hon. and learned Friend the Member for North East Fife made a point about the Home Secretary's power to take decisions in this area. It is a matter of lively debate as to what quasi-judicial powers politicians should have, but it is important to make clear what considerations should be taken into account. In a case involving extradition within the EU, there is no role for the Home Secretary; in a case involving extradition to another country, her role under the Extradition Act 2003 is limited to considering the death penalty, speciality—the protection that ensures that someone can be tried only for the offence for which they are extradited—and onward extradition, which deals with whether the state has given consent when someone has previously been extradited or transferred to the UK. There is, however, a duty on the Secretary of State under section 6 of the Human Rights Act 1998 to ensure that extradition does not breach someone's human rights, as I explained in the context of the Gary McKinnon case. During the statutory extradition process, human rights are considered by the courts, but if a human rights issue arises after the end of that process the Home Secretary must consider these issues.

I wish to leave some time for my hon. Friend the Member for Esher and Walton to respond to the debate, so I will close by reiterating that we will take note of not just the many interesting comments and points made today, but also the various reports of the Joint Committee on Human Rights and the reports we are expecting from my right hon. and learned Friend the Member for North East Fife and from the Home Affairs Committee. It is precisely because so many authoritative reports are being produced that I cannot respond to the question that various people have asked about an exact timeline for when we will come to a decision, but this has been an extremely valuable debate, and will play its own part in allowing the Government to develop the response that we will, as the Home Secretary has said, produce as soon as is practicable.

5.26 pm

Mr Dominic Raab (Esher and Walton) (Con): It is a great privilege to speak under your chairmanship, Mr Leigh. I pay tribute to many colleagues on both sides of the House who have participated in the debate. I thank my three co-sponsors, the Chair of the Joint Committee on Human Rights, the hon. Member for Aberavon (Dr Francis), the Chair of the Home Affairs Committee, the right hon. Member for Leicester East (Keith Vaz) and the right hon. and learned Member for North East Fife (Sir Menzies Campbell).

There have been many incisive contributions, and some harrowing stories of cases and of the ordeals that victims have been through. The hon. Members for

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Hammersmith (Mr Slaughter) and for Brighton, Pavilion (Caroline Lucas) talked about the Babar Ahmad case in particular. Clearly it is of great concern that we have had someone languishing in detention without trial for seven years. My hon. Friend the Member for South Dorset (Richard Drax) talked about the Michael Turner case and his four months in detention in appalling conditions, and my hon. Friend the Member for Richmond Park (Zac Goldsmith) spoke of another appalling case, that of Deborah Dark. I have met Deborah Dark; she is incredibly courageous.

My hon. Friend the Member for Enfield, Southgate (Mr Burrowes) talked about the Gary McKinnon case and the wider issues affecting the US treaty, and I join him in paying tribute to Gary's mother, Janis Sharp, who is a phenomenon and a force to be reckoned with. My hon. Friend the Member for Enfield North (Nick de Bois) talked about the case of Andrew Symeou, and in particular made a point about the devastating impact on his family, which must be taken into account. Other colleagues raised broader issues about the operation of our extradition arrangements, and the hon. Member for Bolton South East (Yasmin Qureshi), with her considerable professional experience, focused on the practical reforms we need.

My hon. Friend the Member for Dover (Charlie Elphicke) said that Parliament is a backstop for the liberty of our own citizens, and we should never lose sight of that. The right hon. Member for Carshalton and Wallington (Tom Brake) gave us a very cogent analysis of the Baker review, and the shadow Minister, the hon. Member for Rhondda (Chris Bryant), made some important points about the constitutional proprieties in the House of Commons, the value of extradition, of which we should not lose sight, and the case for a Chamber debate on a votable motion. If it is appropriate, I should also like to recognise the presence and support of the shadow Secretary of State for Justice, the right hon. Member for Tooting (Sadiq Khan), even though he is constrained and cannot speak in the debate.

I welcome the Minister's speech. He has been a staunch defender of civil liberties and has given us some useful clarification about his thinking. The Government deserve some credit for commissioning the independent review, even though almost every Back-Bench speaker has, I think, expressed reservations about it and has urged the Government to look more carefully at the recommendations of the Joint Committee on Human Rights.

I wish to pick up on two points. The first is about forum and the importance of its being decided by judges, transparently and openly, and not by prosecutors, who even with guidelines engage in a bit of haggling. The second point is about the European arrest warrant. It is not just trivial cases. Some of the charges are very serious, but the evidence is woefully lacking and there ought to be an opportunity at a very basic level to challenge it.

We have rare cross-party consensus on this issue. We have a unique opportunity, and I hope that the Government can take it.

Question put and agreed to.

5.29 pm

Sitting adjourned.

Westminster Hall

Tuesday 29 November 2011

[Mr Lee Scott *in the Chair*]

Epilepsy

Motion made, and Question proposed, That the sitting be now adjourned.—*(Stephen Crabb.)*

9.30 am

Steve McCabe (Birmingham, Selly Oak) (Lab): Good morning, Mr Scott. It is a pleasure to serve under your chairmanship.

I am very pleased to have secured this debate. To be honest, it is so long since I began trying to secure it that I cannot entirely remember all the motivations for doing so. Recently I have had two different groups claiming ownership of the idea for it, and I am quite happy to accept that they are both right. I do not regard myself as an expert on epilepsy and I am not particularly motivated by self-interest or by the experience of relatives or close friends. Like many other MPs, I am motivated by constituents who have come to me to talk about their own experiences of epilepsy and by the interest of the various groups and charities that set out to help people with epilepsy. Consequently, any mistakes and omissions in my contribution this morning are entirely my fault, but I am extremely grateful to various groups for the facts in my speech and the good advice that I have received. They include Epilepsy Action, the Joint Epilepsy Council, Epilepsy Bereaved, the National Centre for Young People With Epilepsy, which is now called Young Epilepsy, and of course the all-party group on epilepsy—whose secretary in 2007 was, I note, the MP for Witney, who is now the Prime Minister.

Mr Jim Cunningham (Coventry South) (Lab): Like my hon. Friend, I have a number of constituents who are affected by epilepsy. The Dattani family lost their son, Ravin, in February because of epilepsy, and with the help of others, in particular the local newspaper, the *Coventry Telegraph*, they have raised about £19,000. They point out that epilepsy causes more than 500 deaths each year in the UK, and one of the issues they have raised in correspondence with me is that often parents do not know the right questions to ask a doctor. That view is reflected in other correspondence that I have received on this subject, and it is a point that we should look into. In addition, the majority of people do not realise that epilepsy can end in death. Will my hon. Friend congratulate the Dattani family on their efforts to do something about epilepsy after the loss of their son, and particularly on raising about £19,000 with the help of our local newspaper?

Steve McCabe: I certainly congratulate the family on that fundraising, and the point about lack of information on epilepsy is crucial. The full title of the debate is "Prevention of avoidable deaths from epilepsy", but given the nature of the subject I may occasionally stray into more general territory; I hope that you will forgive me for doing so, Mr Scott.

Epilepsy is defined as a tendency to have recurrent seizures, when a sudden burst of excess electrical activity in the brain causes a temporary disruption in the normal message-passing between brain cells. Epilepsy is not one condition but a composite of about 40 different types of seizures and up to 50 different syndromes. It affects about 600,000 people in the UK, which is one in every 103 people or about 930 people in each parliamentary constituency. It is estimated that about 69,000 people with epilepsy could have their seizures controlled with good treatment; about 74,000 people are taking aggressive drugs unnecessarily, because of misdiagnosis; a quarter of people who are known to learning disability services have epilepsy; half of the 60,000 young people with epilepsy are estimated to be underachieving academically relative to their intellectual capacity; and people with epilepsy have been shown to be twice as likely as those without epilepsy to be at risk of being unemployed.

Some studies suggest that the likelihood of early death in people with epilepsy is two or three times higher than in people without epilepsy. As my hon. Friend the Member for Coventry South (Mr Cunningham) indicated, the biggest risk appears to be poor seizure control, with the risk of early death increasing as the number of seizures that an individual suffers increases. A phenomenon that people are now starting to come to terms with is sudden unexpected death in epilepsy, or SUDEP. I understand that in 2009 about 1,150 people in the UK died of epilepsy-related causes. That means that, each day in the UK, approximately three people with epilepsy die, and at least a third of those deaths—one death each day—are potentially avoidable.

I am very grateful to Lucy Kinton, a consultant neurologist at Basingstoke and North Hampshire NHS Foundation Trust, who says that there is not enough research into SUDEP, which frequently affects young people who otherwise could be expected to have a fairly normal life. Indeed, she points out that our investment in research into epilepsy is much lower than our investment in research into other frequently occurring conditions, such as diabetes.

Nia Griffith (Llanelli) (Lab): As a child, I lived on what was called an epilepsy centre—my mother was the resident doctor there—in the middle of the countryside. Does my hon. Friend agree that although we have made huge progress since those days in terms of changing social attitudes and raising awareness, research into epilepsy is still very much underfunded? Is there not a huge need to make research into epilepsy an urgent priority, so that we can gain some of the knowledge that could prevent some of the future deaths from epilepsy?

Steve McCabe: I certainly agree that there have been considerable strides and we should not dismiss them, but there is an overwhelming need for further research and for improvements in specialist care and treatment. That is one of the points that I hope the Minister will comment on later this morning.

SUDEP accounts for nearly half of all epilepsy-related deaths. Research suggests that the seizure activity in the brain may sometimes cause changes in the person's heartbeat or breathing, very occasionally causing the person to stop breathing completely. The single most important risk factor appears to be uncontrolled generalised tonic-clonic seizures, which, I understand, are the type

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of seizure that causes a person to lose consciousness, while their body becomes stiff and then starts to jerk. Such seizures can lead to sudden unexpected death.

It is estimated that there are about 500 cases of SUDEP every year, and a further 500 deaths every year due to other epilepsy-related causes. About 39% of adult deaths from epilepsy were considered to be potentially or probably avoidable. The main problems or deficiencies that cause these deaths include inadequate drug management; lack of appropriate investigations; inadequate recording of patients' histories; adults with learning disabilities being lost in the transfer from child services to adult services; and one or more major clinical management errors being made. The absence of evidence of a package of care for those suffering from epilepsy is also a cause of rising concern. In primary care management, the main problems identified include sparse evidence of structured management plans, missed triggers for referral and professional communication failures.

For women with epilepsy, the risk of sudden death in pregnancy remains higher for those with other long-term conditions. The risk of maternal death is an estimated 10 times higher for women with epilepsy than for women in the general population. It is probably fair to say, however, that the risk is still low overall.

I am very grateful to Young Epilepsy, formerly known as the National Centre for Young People with Epilepsy, which works on behalf of about 112,000 children with epilepsy.

Jim Shannon (Strangford) (DUP): I congratulate the hon. Gentleman on bringing this matter to Westminster Hall for debate. I went to school with a young fellow who had epilepsy. I well recall how scary my first encounter with the condition was, because I did not know what was happening. Does the hon. Gentleman agree that there is a need for better awareness in schools? If there are pupils with epilepsy in a school, the school needs to know that, so that it can react in a positive way rather than with the fear that comes from not knowing how to deal with it.

Steve McCabe: Absolutely. Young Epilepsy is very effectively carrying out a pilot project, with more than 20 schools, to develop and test a model of best practice that can be replicated in any school. Although there might well be the usual problems of time and finance, I understand that the pilot is now at a stage where it could be rolled out across the country. That would go some way to addressing fellow pupils' concerns and to preparing staff much better in what to do in particular situations. I am extremely grateful to Young Epilepsy for its work in that area.

The figures suggest that there has been a general increase in epilepsy, but that could be due to better diagnosis. There certainly seems to be a suggestion that greater attention to the recording and monitoring of people with the condition has been a factor, due to the GP outcomes framework and the introduction of the National Institute for Health and Clinical Excellence guidelines, and similar ones for Scotland. Misdiagnosis remains a significant problem: a rate of between 20% and 30% of people being misdiagnosed could equate to something like 138,000 people without the condition receiving anti-epilepsy drugs, at a cost of about £220 million a year.

There is evidence that epilepsy is more prevalent in the most socially deprived parts of the country than in the better-off ones. There is a particular problem, with which the Minister will be familiar, in the allocation of residential care for some people who suffer from epilepsy, with the local authority describing epilepsy as a health condition, but most other people saying that a combination of health and social factors are involved. A particular group to mention in that respect is prisoners. A number of studies have been done, not least by the all-party group, that show that the NICE guidelines are not followed in the vast majority of prisoner cases, and that there are problems with prisoners having access to the proper drugs and, significantly, with diagnosis. There also seems to be a problem with how some PCTs determine access to services, with some using referral and funding panels rather than relying solely on clinical judgment. I would have thought that that is not necessarily in people's interests.

All of that leads to a picture of a treatment gap. About 70% of the population with epilepsy in this country could be seizure-free if they received optimal treatment, but only about 52% are seizure-free. Too few children are offered or referred early enough for surgery that could cure their epilepsy or at least significantly reduce seizures. I understand that there is a backlog of more than 2,000 children who could benefit from such surgery.

The Prime Minister himself has acknowledged that there is a need for improved services. More than 10 years have passed since the then chief medical officer, Sir Liam Donaldson, said in his annual report that epilepsy services suffered from a lack of interest compared with the management of other chronic conditions such as asthma. Although national initiatives such as the NICE guidelines and inclusion in the GP contract have raised awareness of epilepsy, and although there are patches of excellence across the country, overall service provision in most communities has not translated into sufficient effective interventions. One purpose of today's debate is to ask the Minister to meet with some of the epilepsy organisations, particularly Epilepsy Bereaved, to discuss what else we can do to prevent avoidable deaths.

I do not want to take too long because I want to let other people speak, but I should mention that there are recurring stories about the deaths of young people. A young boy of nine who experienced frequent seizures had benefited from excellent care from his paediatricians, but he died following a transfer of care during an overnight stay in hospital when his history was not adequately updated. In another case, a young woman died suddenly in her sleep, leaving behind two sons. She had had infrequent seizures but had never been given adequate advice. Some five years ago, two famous cases, those of Erin Casey and Christina Ilia, led to a fatal accident inquiry in Scotland, with which the Minister might be familiar. In summarising, the sheriff was absolutely clear that the risk of sudden death might have been reduced by access to a night monitor or much better information about the particular risk at that point in the evening.

I will not dwell on the number of things we need to do. I take the view that there has been progress in our understanding of epilepsy and that there is probably less stigma attached to the condition these days. I think that the previous Government and the present one have made efforts to improve the quality of care, but we know that significant problems remain. We need to think about whether we can set up a dedicated research fund to look much more closely at epilepsy. General practice needs to be much clearer about risk management, about the potential benefits of technology—for example night monitors—and the need to flag up injuries, A and E visits and missed prescriptions. Good medicines management is needed because, as I said earlier, about 70% of people could be seizure-free if prescribed the right medicine. Much more active monitoring of epilepsy deaths is also needed, so that we know what is happening and can draw up plans to help people to manage the condition.

The depth of the subject tempts me speak for much longer, but as I said at the outset, my purpose is to flag up some of the central issues involved in avoidable deaths and the actions that could be taken to help people who suffer from epilepsy. I will allow sufficient time for other colleagues to contribute and for the Minister to reply to the debate.

Mr Lee Scott (in the Chair): Before I call the next speaker, let me say that I intend to start the winding-up speeches at approximately 10.40.

9.50 am

Paul Maynard (Blackpool North and Cleveleys) (Con): It is a pleasure to serve under your chairmanship, Mr Scott. I congratulate the hon. Member for Birmingham, Selly Oak (Steve McCabe) on securing this important debate.

I am epileptic. I have nocturnal epilepsy. I have tonic-clonic seizures, which, as the hon. Gentleman explained, are the severest form of epilepsy and the form that we all associate with the condition. I am, at least for another fortnight, between the ages of 20 and 35. I am single and, for the avoidance of doubt, I should make it clear that I sleep alone. I am also male, for the avoidance of any further doubt, and it might surprise people outside this Chamber to learn that I work long hours in a stressful occupation—at least I think it is stressful. I therefore tick every box for being at risk of sudden unexpected death due to epilepsy. I go to bed every night knowing that there is an infinitesimally small chance that I might not wake up again. That is, of course, a great concern.

I realise that anyone with epilepsy has a 24 times greater chance of sudden death than the normal population. Those particularly at risk of SUDEP are 23 times more likely again to experience sudden death. That understandably preys on the mind, but what concerns me more than anything else is the fact that I did not learn of all the risks at the time of my diagnosis; I discovered them because I happened to Google my condition. I sat at my computer with a chill going over me, thinking, "My goodness, I never knew any of this could possibly occur."

I know that that is a wider concern from meeting many people, including a constituent of mine, Avril Walker, who lost her son Christopher to SUDEP when he was aged 19. I have also met many families through Epilepsy Bereaved and Jane Hanna. They all say the same: they have a sense of anguish at the loss of a loved one, which is natural and entirely understandable, but many of them have a much greater sense of frustration that at the time of diagnosis no one explained the risks of SUDEP to them. If they had known, they could at least have sought to undertake mitigating activities to reduce their risk.

I know what those activities can involve. Before my diagnosis, when my epilepsy was not controlled, I managed to throw myself down the stairs. I woke up with my head in a fridge, a washing machine and an oven, which thankfully was not turned on. I threw myself out of bed and hit my head on my bedside cabinet, making a large gash only just above my eye. When I went to accident and emergency, I was told, "Oh, you've just been drinking too much." The irony, of course, is that the treatment for my epilepsy involves the avoidance of any alcohol. That is what makes it so difficult to control: if any alcohol is used in any food that I inadvertently eat, I will have a seizure in the night.

Thankfully, I adhere to my medicine. The diagnosis is so important because there is no greater impetus to adhere to medication than the knowledge of what might happen if one does not. The most sacrosanct thing in my life is ensuring that I have my medicine. I live what is essentially a double life—I am down here half the week and up in Blackpool the other half—so it can be quite difficult to ensure that I have the little packet of pills that I usually carry around with me. If I am without them, panic ensues and I have to rush down to the Victoria walk-in centre to get an extra prescription. May I complain to the Government about its being shut in a month's time?

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): I am listening with great interest to the hon. Gentleman's personal experience; our debates are always enhanced by such contributions. Does he think that there is any particular reason why doctors are unwilling to tell people diagnosed with epilepsy about the risk of sudden death?

Paul Maynard: I thank the hon. Lady for that pertinent intervention. I was intending to come to that. I think that all doctors dislike dispensing bad news. It is perhaps the least fulfilling part of the job. I am sure that some of the doctors to whom I have spoken think that the moment of diagnosis is not necessarily the appropriate moment for a detailed discussion starting, "Oh, and by the way, you're 23 times more likely to die now, so you need to do this, this and this." However, it underlines the importance of epilepsy specialist nurses, who can have a more structured conversation one or two weeks later, after people have got over the shock of the diagnosis.

The diagnosis is a shock. When I was diagnosed in my early 20s, I had no idea when I went to the doctor's that morning that he would tell me that I had epilepsy. I was stunned by the news. That might not have been the most appropriate time to say, "And by the way, you've got all this to deal with as well." None the less, it is vital that that structured conversation occurs at some point soon after diagnosis, because it is possible to do things to mitigate the condition, even if it is just blunting the sharp corners of one's bedside cabinet, lowering the

[Paul Maynard]

height of the bed or fitting a child gate above the stairs. If one knows what is likely to occur, one can at least try to mitigate it.

It also underlines the dramatic importance of adhering to medication. Many of the young people who are most susceptible live what one might call chaotic lives. They do not always pick up their medication. If they are away at university, they are not under parental control and one cannot monitor their medicinal intake precisely. If they are aware of the risks, a degree of self-discipline might be brought into play to ensure that they stick to their medication regime. I have heard time and again that sudden deaths seem to occur particularly in a university setting. That concerns me. Self-discipline is necessary as early as possible, and the diagnosis and explanation process are fundamental.

When the worst occurs—tragically, it will occur, because one can never iron out the risks entirely—a much better post-death process is needed. It is natural for the family to be shocked, particularly if they were not expecting it and had not been made aware of the risk factors. There is a lack of awareness in the coroner service and among the police. There can be nothing worse than finding one's child's bedroom turned into a crime scene because police are not aware of the potential for sudden death from epilepsy. All that could be much better handled with instructions from on high. The coroner service in particular needs to make a list of national charities dealing with sudden death to which families can turn for help. That would be of great assistance, because many people simply do not know where to turn.

I beg the Minister to encourage the medical profession to ensure that some medical professional has a conversation either at diagnosis, if they feel it appropriate, or within a fortnight or so, to explain the risks. That alone would make a difference, rather than a conspiracy of silence that leaves those with epilepsy to find out about it for themselves. If that conversation occurs, at least people can try to take the actions necessary to protect themselves. That would make the most difference.

9.59 am

Paul Flynn (Newport West) (Lab): It is a pleasure to serve under your chairmanship for the first time, Mr Scott. I warmly congratulate my hon. Friend the Member for Birmingham, Selly Oak (Steve McCabe) on obtaining this debate and on his splendid contribution, which covered the ground of all the campaigning groups working on behalf of those with epilepsy.

It is a great pleasure to follow the most important and worthwhile speech that will have been made in the House today, whatever happens in the Chamber. It is enriching for us to have the hon. Member for Blackpool North and Cleveleys (Paul Maynard) in Parliament. We are not members of the same party, but I will happily embrace him as a friend and call him such. Hearing at first hand from those who suffer from illnesses or disabilities is of enormous value to us. There is nothing better than to hear from the hon. Gentleman about the simple changes that might be necessary, such as blunting sharp corners and taking simple precautions, to avoid the tragedies that occur all the time. I welcome his presence in the House. If this House is to restore our greatly damaged reputation—it is of profound importance to us all that we win back the trust and confidence of this country—we need more Members such as the hon. Gentleman with experience that can give us diversity. The House must become more representative of the nation in every way.

My reason for speaking in this debate relates to a matter involving two constituents and lifelong friends of mine, Gwyn and Gill Thomas. I knew one of their daughters, Rhian, throughout her brief, radiant life. Her parents were devoted to her. On a visit to Florida, the place where Rhian was happiest, she died suddenly during the night. There was no warning or expectation, and Gwyn and Gill were left shocked, as would we all at the untimely death of one of our children, and bewildered by what had happened. As in many cases when a family experiences terrible grief, they have become enthusiastic campaigners to ensure that no one else suffers in the same way as they have suffered. They wish to avoid this being repeated in other families—a strong and understandable reaction. My hon. Friend the Member for Birmingham, Selly Oak has mentioned the concerns, and I have heard about them first-hand in the House from other parents who have lost young people in similar circumstances.

Channel 4 covered the case of the Casey and Ilia fatalities, which involved two families who suffered in a similar way. Erin Casey was aged 19 and Christina Ilia was aged 15—one a university student and the other a schoolgirl. The sheriff concluded that, had Erin been told of the risk of sudden unexpected death in epilepsy, she might have picked up her prescriptions and complied more with her medication—she might not have died. Had there been supervision in the form of nocturnal devices, which have been discussed, Erin might have wanted them and might not have died. On the death of Christina, the sheriff found that, had she and her parents been told of the risk, they would have discussed and considered the possibility of providing night supervision, possibly by use of alarm. If Christina had had such supervision, she might not have died during the night. The judge recommended that there should be a discussion of SUDEP in order to reduce the risk at diagnosis, unless there was serious harm to the patient. The timing of the discussion should be deferred, but needs to be planned. The role of a specialist epilepsy nurse is vital, and the failure of the authority to provide a specialist nurse service was viewed as contributing to the death. Those points were well made in the television programme and must be of concern to us all.

My hon. Friend has given a list of the possible remedies—drugs and how they should be used, and the existing advice—that appear to be available. Part of my constituents' additional agony as a result of their bereavement is that they were not informed of many of the things that they have heard about since Rhian's death. They want to go out and make sure that everyone else is aware of the possible remedies that could avoid such tragedies in the future. As with many other subjects discussed in the House, my views on this issue are the result of constituents' problems. I thank the persistence of the campaigning of my constituents and all others who are determined that everything possible is done to avoid these unnecessary deaths.

10.5 am

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): It is a pleasure to serve under your chairmanship for the first time, Mr Scott. I congratulate my hon.

Friend the Member for Birmingham, Selly Oak (Steve McCabe) on securing this debate and on the work that he and the all-party group on epilepsy are doing to spread awareness in Parliament of the nature of epilepsy and to raise the profile of epilepsy and its related problems.

As we have heard, epilepsy currently affects almost 500,000 people in the UK. It is one of those conditions that, I think, excite a certain fear among people who are not familiar with it. One of the important aspects of the all-party group's work is to get past that fear barrier, so that people understand and the climate is created in which services can be commissioned properly.

We have heard about the danger of sudden unexpected death in epilepsy and that it affects the younger age demographic in particular. I understand that an information resource has been issued in Wales and Scotland on the risks and prevention of SUDEP. Is such a resource currently available in England?

Certain factors can increase the risk of SUDEP, and hon. Members have referred to them, drawing on their personal experience. The total number of people dying needlessly of epilepsy each and every year is more than the total of AIDS-related deaths and cot deaths combined, yet for some reason SUDEP deaths have never had the same prominence in the public imagination and public debate as issues such as cot death and AIDS. It is also most unfortunate that the death rate in Britain for SUDEP is 25% higher than the average for the European Union. This is a difficult topic and I understand that doctors may have a certain reticence about discussing the risk with young people at the point of diagnosis, but if our death rate is 25% higher than that of the EU, it shows that more can be done.

A straightforward and important suggestion has been made that medical practitioners should be required to have that discussion with people soon after diagnosis. As we have heard, it is young people between the ages of 16 and 35 who are at greatest risk. That is the age, certainly if my life between 16 and 35 is any example, at which people are least inclined to listen, behave sensibly or take advice. That makes it doubly important that there is a formal requirement for a medical practitioner to sit with young people and explain exactly what the risks are.

In preparing for this debate, I looked at the National Institute for Health and Clinical Excellence guidelines on epilepsy. They recommend that all people with suspected epilepsy should be seen by a specialist, but I understand that half of acute trusts—49%—do not employ one. NICE guidelines also state that people with suspected epilepsy should be seen urgently within two weeks, but I understand that the waiting lists of most trusts—more than 90%—are longer than that. Will the Minister comment on what action his Department is taking to ensure that people diagnosed with epilepsy are seen more promptly in the future?

A further recommendation from NICE relates to epilepsy specialist nurses. NICE guidelines state that they should be an integral part of the medical team providing care to people with epilepsy, but more than half of acute trusts and PCTs in England do not have one. How will the Minister ensure that trusts in England and, of course, clinical commissioning groups use NICE guidelines to plan and commission epilepsy services? Will the Department of Health agree to treat the matter as a priority and put an end to the current situation, where people with epilepsy continue not only to have a poorer quality of life, but to face a greater risk of dying? As I have said, there is a 25% higher death rate here than in the rest of the European Union.

We know and respect the fact that the Prime Minister has personally pledged to raise the profile of epilepsy and to tackle the stigma that surrounds the condition, to which I referred earlier. I understand that the Prime Minister has met my hon. Friend the Member for Walsall South (Valerie Vaz) to discuss her ten-minute rule Bill on epilepsy. We know from the Epilepsy Society that, during the meeting, the Prime Minister agreed to consider the Bill and look at improving health and education services for people with the condition. In a letter to Lord Howe dated 16 May 2011, the Prime Minister acknowledged that

"there are historic weaknesses in the commissioning of services"

and that there is an urgency for change

"because these failures carry huge costs as well as having a massive impact on the lives of people with epilepsy".

The Prime Minister concluded that there are

"potentially very significant savings from unplanned emergency admissions to be made by getting this right, which goes hand-in-hand with improvements in outcomes, including life expectancy and a reduction in the number of tragic sudden deaths in epilepsy".

Labour Members respect the Prime Minister's genuine concern about this condition, but I think the Minister would agree that we need to move on to action. The Epilepsy Society was very encouraged by what the Prime Minister had to say. He said that he would get back to Epilepsy Action but, to this day, he has not made any specific commitments. Does the Minister know whether the Prime Minister has had a chance to consider the points put to him by my hon. Friend the Member for Walsall South, representatives of the Joint Epilepsy Council and the hon. Member for South Thanet (Laura Sandys), who chairs the all-party group on epilepsy?

The Minister will also be aware that, during the last year of the Labour Government, the Joint Epilepsy Council won the support of the then Health Minister, Ann Keen, who so recently suffered a sad bereavement. She initiated a conference of epilepsy commissioners, which took place in January 2010. That was branded as jointly organised by the Department of Health and the Joint Epilepsy Council—a true partnership. Will the Minister tell hon. Members what discussions he and his colleagues have had with stakeholders and whether he is working with the Joint Epilepsy Council to address the shortfalls in service provision for people with epilepsy in England?

As I am sure that the Minister is aware, Epilepsy Action has carried out a study that revealed the variations in service provision, data collection, evaluation and quality of care. In the course of its study, it became apparent how many of NICE's recommendations are still not being met, particularly in terms of access to specialist consultants and nurses, as I said earlier. Taken together, the facts from the survey do not paint a picture that is wholly encouraging. Some epilepsy sufferers and their families feel that it is a forgotten condition, which is why this debate is so important.

As the Minister will be aware, Epilepsy Action has called on the Government to take a lead in driving improvements to epilepsy service provision. Among other things, Epilepsy Action is calling for a national

[Ms Diane Abbott]

clinical director for epilepsy to ensure that local commissioners carry out a review of the implementation of the NICE guidelines, NHS work force planning to focus on the recruitment and training of sufficient epilepsy specialist consultants and nurses, commissioners to build a clearer picture of the epilepsy population in their area, a commitment to ensuring that all patients with suspected epilepsy see a specialist within two weeks, all acute trusts to have adequate diagnosis equipment in line with the patient population they serve and all patients to receive an annual review of their epilepsy. That would particularly help younger patients, who would be reminded, if they have forgotten, of the seriousness of their condition and of the things that they should be doing to help themselves.

Epilepsy Action is also calling for the introduction of effective transition services for children moving into adult epilepsy. Again, that is particularly important to the younger cohort. Finally, Epilepsy Action wants the Minister to consider ensuring that all patients with epilepsy who want a comprehensive care plan can get one. The Minister will be aware of those recommendations, and hon. Members want to hear how he plans to respond.

As I said at the beginning of my remarks, this condition excites a certain fear and, even today in 2011, a touch of stigma. Particularly for younger people—I consider people under the age of 35 to be young—the condition poses a risk of sudden death. That risk is higher than in other European countries, which suggests that there is something we can do. We know—the whole House knows—that the health service is going through a period of transition and change. I will not use this debate to challenge the changes that are going to happen, but because we are going through a period of change, it is very important that the measures are in place to ensure that the care people receive for such a condition is as good as it has ever been, particularly in relation to commissioning services locally. It is also important that we move forward with the improvements and pay attention to the quality of life of epilepsy sufferers that people campaigning on epilepsy have sought for many years. I await with interest the Minister's response to the points that I have raised.

10.17 am

The Minister of State, Department of Health (Paul Burstow): I, too, am pleased to serve under your chairmanship, Mr Scott. I congratulate the hon. Member for Birmingham, Selly Oak (Steve McCabe) on securing the debate and on being so persistent in applying for it week after week until, finally, being successfully in the ballot for Adjournment debates. The hon. Gentleman is right to bring the matter back to the House for a debate and I am grateful to all hon. Members who have contributed. The personal testimony and the testimonies we have heard on behalf of constituents speak to the devastation that the condition can bring to families and the people who suffer from it.

A lot of statistics have rightly been rehearsed to illustrate those points as part of today's debate. They are undoubtedly very compelling and, as has rightly been said, quite depressing. They show that although we have known for a long time what needs to be done, it does not appear to be implemented as consistently as it should be across the country. There are places that follow the NICE guidelines and consequently make a difference, but over many years other areas have failed to invest or see the matter as an area of priority. That is not a comment on previous Governments' records, but an acknowledgement of the difficulty in an organisation as large as the NHS of ensuring sufficient focus on something as important as this.

The hon. Member for Hackney North and Stoke Newington (Ms Abbott) paid tribute to the work of the all-party group on epilepsy. I come across many APPGs in pursuing my ministerial responsibilities; they are, truly, an important part of how this Parliament makes sure that the voices of many seldom-heard groups—or groups certainly not heard often enough—are heard by Ministers and the Government.

I will try to ensure that I respond to all the points that have been made. I have been encouraged to speak for as long as is necessary to do just that.

Paul Flynn: Will the Minister give way?

Paul Burstow: There is an objection to that point. I give way.

Paul Flynn: Members have, very generously, given the Minister 40 minutes to reply to the debate, which is rather longer than Ministers usually have. Will he find time in that 40 minutes to commit to the practical, affordable remedies that have been urged on him by the many charities involved in SUDEP?

Paul Burstow: I hope to do just that, and I hope to do justice to the points that the hon. Gentleman and other hon. Members made in the debate.

At least one hon. Member—my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard), who initiated the debate we had about a year ago—has contributed to the debate on this issue again. The message I took from last year's debate was clear, and I take it again today. There is a real sense that we need change in the system. We need change that delivers a real focus on issues such as epilepsy to ensure that clinicians and the service respond properly to the evidence, act on the evidence, and translate it into services that are fit for purpose. At the moment, the service continues to fail hundreds of thousands of people living with epilepsy, at a huge cost to them personally and to their families. When we debated these issues a year ago, there was some uncertainty about how the Government's plans for reform would deliver improvements. I would like to spend a little time today setting some of them out.

Ms Abbott: Will the Minister give way?

Paul Burstow: In a moment, if I may. We have plenty of time. I just want to say something about the voluntary sector, and then I will happily give way to the hon. Lady.

The outlook for most patients with epilepsy is good—it is important to acknowledge that—but we know that more than 1,000 people die of epilepsy-related causes each year. Many of those deaths are due to accidents or status epilepticus, but a significant number of them are attributable to SUDEP—sudden unexpected death in

epilepsy. The devastating effect of any epilepsy death cannot be overestimated and cannot be understated. I pay tribute to the many voluntary sector organisations that have been referred to in this debate. They work hard to highlight the challenge, and to ensure that the failings that have been described are identified and tackled.

Ms Abbott: In preparing for the debate, I was struck by how much higher our rate of sudden unexpected death in epilepsy is, compared with that in the rest of Europe. Do Ministers have any analysis of why that might be?

Paul Burstow: I will come on to outcomes and information in a moment. Understanding the performance of our health economies, compared with that of other systems around the world, is an important part of how to ensure that we focus on what matters most to deliver change and improvement. I will talk about outcomes, data and variation in a moment, if I may.

I particularly want to acknowledge the work of Epilepsy Bereaved, which since its foundation in 1995 has led cutting-edge work to establish major risk factors and ways to reduce risks and prevent deaths. The charity provides very well-regarded bereavement support, which helps to break the isolation that people experience following SUDEP, or other seizure-related deaths. I acknowledge the organisation's concerns that failings in care and the commissioning of services have led to many avoidable deaths from SUDEP.

In the 12 months since we last debated epilepsy services in Westminster Hall, we have made significant strides in putting in place the necessary arrangements to level the playing field in commissioning epilepsy services relative to other services.

That leads me on to the NHS outcomes framework. The hon. Member for Hackney North and Stoke Newington referred to the NICE guidelines and the role of specialists. One role that the NHS outcomes framework can play is to ensure that commissioners, providers and others are better able to identify those things that can drive up performance in the NHS. The publication of the first NHS outcomes framework marks the start of a journey for greater transparency and accountability for the outcomes that the NHS achieves for patients. It demonstrates a move from traditional input and output targets towards a focus on delivering better health outcomes for all. The framework includes a focused set of national outcome goals and supporting indicators that patients, the public and Parliament will be able to use to judge the overall progress of the NHS. A number of those goals and indicators are relevant to epilepsy. They will, of course, inform the Secretary of State's mandate to the NHS commissioning board and, in turn, to the NHS commissioning framework.

Let me give a few examples of the relevant indicators. In domain 1 of the NHS outcomes framework—preventing people from dying prematurely—the overarching indicator is about mortality from causes considered amenable to health care. This debate demonstrates graphically that epilepsy is one of the conditions where there is plenty of room for significant progress. The hon. Member for Hackney North and Stoke Newington rehearsed the statistics, which are compelling. They point, very powerfully, to commissioners having to look at this if they are to deliver measurable improvement against that indicator.

Domain 2, enhancing quality of life for people with long-term conditions, speaks directly to the issues addressed in this debate. The overarching indicator is health-related quality of life for people with long-term conditions. It addresses such specific issues as the proportion of people feeling supported to manage their conditions. That speaks directly to issues such as care planning and case management. That indicator is not just in the NHS outcomes framework; it also sits within the adult social care outcomes framework, to try to align more joined-up thinking and commissioning on these issues. Improving functional ability in people with long-term conditions relates to ensuring that more people are able to stay in employment.

There are many other indicators. The aim of domain 3—helping people to recover from episodes of ill health or following injury—is to capture information on patients' journeys through the system. Domain 4—positive experiences of health care—will look at such things as patients' experiences of primary care. My hon. Friend the Member for Blackpool North and Cleveleys described the conversations that should happen, and they should be captured.

The emerging commissioning landscape will contribute to improving not just epilepsy outcomes but outcomes across the board. In the past, commissioning has been too remote from the patients it is intended to serve. Commissioning decisions made by clinical commissioning groups will ensure that they are underpinned by clinical insight and knowledge of local health care needs, and, importantly, the perspective of the patient and family carers. Clinical commissioning at its best is a collaboration of professionals. The NHS commissioning board and clinical commissioning groups will be required to obtain clinical advice from a broad range of professionals with expertise in the

"prevention, diagnosis or treatment of illness"—

and in the—

"protection or improvement of public health".

There is a real pull in the framework that we are putting in place to make sure that that happens. As well as promoting effective clinical leadership and multi-professional collaboration around specific conditions and pathways, we expect doctors, nurses and other professionals to come together in clinical senates to give expert advice from a variety of health and social care perspectives.

NICE has rightly been alluded to a lot. The Government intend to build on its strong track record by re-establishing it as a statutory body. It will continue to play a key role in the NHS through the production of robust, evidence-based advice and quality standards. I will address the issue of quality standards specifically. The hon. Member for Birmingham, Selly Oak asked about surgical interventions in the context of the work being done to produce quality standards covering epilepsy services. They have already been commissioned by NICE and will cover children and adults separately. I will pass on the point that was made about the need to address issues of transition, so that that is not overlooked in producing two separate quality standards. In the children's quality standard, there is a specific need to address access to surgical interventions, and it will be addressed.

HealthWatch has its part to play, and will better enable people to help shape health and social care services, at both a local and national level, by providing

[Paul Burstow]

a strong forum where the views and experiences of patients, carers and the public can influence the commissioning process and improve the quality of health and social care services. There must be a clearer split of responsibility—a sense of joined-up access across the care pathway to deliver a less fragmented and more person-centred approach to planning. We accept that care and support for those with long-term conditions is a particular area where we do not get it right often enough. Not only are patients confused but their care and quality of life are compromised, and it leads to inefficiencies and duplications in the system.

The hon. Member for Birmingham, Selly Oak asked me specifically about prisoner health. One of the opportunities that arises from the establishment of the NHS Commissioning Board is that it will be the commissioner of prisoner health. With it leading on such work, we are in a much better place to assure ourselves that the NICE guidance on prisoner health and epilepsy is properly and consistently applied throughout the prison estate. I shall certainly pass on any further information that I can to the hon. Gentleman.

Ms Abbott: I have listened with great attention to the Minister and, naturally enough, he has started with generalities, but the nature of Westminster Hall debates lies in the opportunity for Members to get replies to specifics, so I have three questions arising from the speeches today. First, do the Government intend to appoint a national clinical director for epilepsy? The hon. Member for Blackpool North and Cleveleys (Paul Maynard) asked specifically about people being able to talk about sudden unexpected death within a couple of weeks of diagnosis, but am I to take it that the Minister has no means to direct that and will leave it to commissioning groups to decide what is appropriate? Finally, are the Government prepared to commit to the explicit inclusion of epilepsy mortality in the outcomes frameworks?

Paul Burstow: The hon. Lady needs to be patient, because I still have quite a lot of sheets of paper and quite a lot of answers to give. Before I took her intervention, I had answered a specific question on prisoner health from the hon. Member for Birmingham, Selly Oak. I am trying my best to cover the ground.

I will deal with the national clinical director proposition. As part of the transition—the hon. Lady alluded to this—from a command-and-control system in which the NHS is directed from the Department of Health to a model in which the service is at arm's length and directed through goals and objectives set to a mandate, the NHS commissioning board will be where national clinical directors sit. The national commissioning board will make the decisions on the precise configuration of those appointments. Clearly, that will be modelled on the approach taken on an outcomes framework, so that there is proper coverage of all its domains. That is as much as I can say today, and perhaps we need to have a further debate, but if she wants more information, I will happily write to her with more detail. I cannot say today, however, that there will be a DH-appointed epilepsy national clinical director, because that is the old world and we are moving to a new world, whether we agree about that or not, and in that new world the responsibility for making choices about the appointment of national clinical directors will sit with the NHS commissioning board. That is as clear an answer as I can give to her question. I will answer the others as we move on.

Assessment of need was mentioned in the debate and goes to the heart of a challenge for the charities. My experience over the past 12 months of talking to many non-governmental organisations that advocate on behalf of patient groups is that some see huge opportunities in reorganising themselves to get much closer to the new commissioners and to those who will shape priorities for local services at a local level, and they are looking to organise themselves accordingly. Others are finding it more difficult to think through how to organise themselves to do that, and are therefore looking to how they can use the old levers, encouraging the Department of Health to proceed through central fiat and direction. My job is to say that that is not how it will work and, if they expect that that is how things will happen, they will be sadly disappointed. The Department and I as a Minister are only too pleased to work with organisations to ensure that they can realise and exploit the full potential of the new arrangements such as the health and wellbeing boards, the clinical commissioning groups and their duty to engage with their public, their patients and carers. Organisations, including some of the epilepsy charities, need to think that through carefully.

Health and wellbeing boards will be the local system leaders and will drive joined-up health and social care services. They have a key role, with joint strategic needs assessment and joint health and well-being strategies, in which they understand the population need and future population need, and that in turn drives commissioning for populations and outcomes. Simply said, to ensure that those joint strategic needs assessments are rich and informed, charities in the sector have a part to play in the conversation, to ensure that their input is not lost. NICE clinical guidance and quality standards play their part as well.

The hon. Member for Birmingham, Selly Oak asked about research. Who could disagree—I certainly do not—that the case for more research is strong? Again, however, directing more research through ministerial instruction is not how we should proceed. That might get more research but it does not guarantee quality, which is why we have for a long time had the Medical Research Council leading, with independent peer review as the process for allocating research resources. As in many other spheres, the key is to ensure the crucial infrastructure to support quality bids in the first place—the better the quality, the better the chances of an increase in the resources. We saw that with dementia; the Government had a priority to invest more but did not achieve that simply by putting up a quantum and stating that "This is what we must now spend." Simply, it is about putting in place the steps to ensure quality research bids in the first place.

The information revolution is another important part of delivering the agenda. Today's challenge in providing high-quality care services cannot be met without effective use of information. At present, many people who use our health and care services do not get the information that they need and expect as part of the care process, which we have heard described graphically. We sometimes

fail to meet the information needs of our clinicians and care professionals, so information is critical to our ambition to put people in the driving seat of their services and their care. Through the work of the NHS Future Forum so far, we are examining how to ensure that the information strategy that will be published fully reflects the various concerns expressed.

The hon. Member for Hackney North and Stoke Newington asked a specific question about whether the information provided in Scotland and Wales is available. The answer is yes. There are comprehensive information sources available on NHS Choices, including a guide to epilepsy that contains information about SUDEP and minimising risk. The use of things such as NHS information prescriptions and, as we develop more of them, tools to help patients and clinicians make decisions are ways of further strengthening that important notion of "no decision about me without me".

The hon. Member for Newport West (Paul Flynn) talked about his constituents Gwyn and Gill Thomas, the tragic death of their daughter from SUDEP and how they felt bewildered and, I suspect, outraged that they did not get information on which they could have acted at the time. That has spurred them on, and we can probably find echoes of that in every constituency surgery throughout the country—people motivated by personal experience to ensure that it happens to no one else. The hon. Gentleman's example of the case of Christina and the lack of knowledge of risk underscored the as-ever exceptional contribution of my hon. Friend the Member for Blackpool North and Cleveleys to today's debate. By talking about his own experience, he illuminates a much wider and more important picture about the frailty of human beings and their reluctance sometimes, even when professionally trained, to engage in the conversation that they are paid to have, which ultimately is a conversation about life or death. We know that NICE has set out clear guidance on care planning and case management, which provides good evidence of how they can make a difference.

The guidance also talks about the role of epilepsy nurses, and the hon. Member for Hackney North and Stoke Newington asked how the Department helps with their availability. One of the ways we help is by ensuring that good tools are available for local business cases to be put to commissioners locally. We do not mandate from the centre a certain number of such members of staff, but we make it clear through the regulatory framework and other ways that the skill and staff mix of organisations has to be appropriate to the services that they are providing. There is as well a strong economic case for epilepsy nurses to be commissioned, because of how they can have that honest conversation with the individual concerned.

Another way we can play our part at national level in raising the profile of these issues and making commissioners think through how they commission services effectively is through the development of outcome strategies. We have outcome strategies for respiratory and mental health conditions, and I recently announced the Government's intention to develop a cross-Government outcome strategy for long-term conditions. The purpose of the strategy is to take a life-course approach. It will draw on the Government's approach in developing our mental health strategy. Shaping it will involve a wide range of stakeholders beyond the Government.

The hon. Lady rightly rehearsed the Prime Minister's enduring interest in these issues, which spans the whole health sphere. That is why he continues to pursue and to follow closely the key work of Health Ministers in taking forward the legislation to reform the NHS. I will inquire about the correspondence and find out what has happened about that.

Reference was made to the Joint Epilepsy Council and its activities. I applaud its work, but I must make it clear that the future of our public services is in a local rather than a national context. For the NHS, it is not about running commissioning services for specific conditions from the Department of Health; it is about local clinical commissioning groups working locally with patient groups and others better to understand local needs and to ensure that they structure services with those in mind.

Steve McCabe: I accept the case that the Minister is trying to make for the new commissioning arrangements, but, like many of us, charities and help groups that work with epilepsy are not entirely clear about how the new arrangements will work. Does he have any plans to meet the epilepsy groups so that he can better explain his ambitions and how those groups will be able to play a central role in the new world that he envisages?

Paul Burstow: It was kind of the hon. Gentleman to intervene, because it allows me to answer his final question. The Department continues to work with the charities and to discuss their concerns, and I am happy to arrange a meeting to have such discussions.

Paul Flynn *rose—*

Ms Abbott *rose—*

Paul Burstow: I will give way to the hon. Gentleman while the hon. Lady frames her questions—she clearly has one or two—and I will then give way to her.

Paul Flynn: I have listened with great attention to the Minister. I am aware of his record in opposition as a doughty campaigner for many causes. The Government are obsessed with change and upheaval in health service structures. Can he provide some practical assurance that by the end of their term of office, if they go to 2015, there will be fewer sudden unexpected epilepsy deaths?

Paul Burstow: I have referred to the focus on outcomes and the establishment of an outcomes approach not just to commissioning services, but to how we measure the performance of services. That provides hope of an improvement. The issue is not just a high-level one. I have not talked about specific statistics today, but sitting behind each and every indicator in the outcomes framework for the NHS are hard metrics that are being used to identify variations between parts of the country. We have seen in other services—for example, cancer services—how powerful the publication of atlas data, which shows performance in different localities, is at challenging clinical teams and challenging commissioners to commission differently and better. I genuinely believe that that approach and the focus on outcomes and data are key drivers to improving future performance.

Ms Abbott: I have listened with great care to the Minister, who has been at pains to outline that we are moving from a world of command and control health provision to a world in which individual clinical commissioning groups will make decisions for their locality. Should the groups that are lobbying on epilepsy take from this debate a message that the days of lobbying at national level are effectively over, and that they must mobilise themselves to lobby commissioning group by commissioning group?

Paul Burstow: They must certainly be prepared to engage a lot more at local level. That is an important part of commissioning to fit the needs of postcodes rather than by prescribing from the centre and having postcode lotteries. It is not possible from so far away to be clear about the specific needs of a population. That is why the change is so important. However, the Department of Health expects and Ministers want to have a relationship with those organisations, because they can inform the shape of the mandate that the Secretary of State will set for the NHS. They can inform the way in which NHS outcomes framework, the adult social care outcomes framework and the public health outcomes framework operate, and their priorities. There will still be a rich conversation at national level about action, but there will be an even richer conversation about outcomes, performance and commissioning, which need to be local.

In conclusion, I am grateful to the hon. Member for Birmingham, Selly Oak for calling this debate and his perseverance in applying for it. He has rightly rehearsed a matter that has been neglected for too long. I believe that the Government's changes, particularly our focus on outcomes and greater respect for clinical judgment at local level, will deliver improvements in services and quality of life, and indeed will save lives through improved commissioning at local level.

10.46 am

Sitting suspended.

HGV Wheels (Safety)

11 am

Paul Goggins (Wythenshawe and Sale East) (Lab): It is good to see you in the Chair, Mr Scott. I am not sure whether I have served under your chairmanship before, but I look forward to it.

I regret having had to apply for this debate, and believe that the exchange that will take place over the next half hour could just as easily have taken place in the Minister's office. Indeed, such an exchange might have benefited from a more informal setting, and we could have heard from industry experts who would have had much to offer.

I applied for this debate because I received a letter from the Minister on 11 November. The letter, which was dated 9 November, stated:

"Unfortunately, I am sorry to say that due to pressures on my diary I will not be available in the near future to meet with you."

I was surprised to receive such a letter from the Minister, because I have always found him approachable and responsive, particularly on the important issue of HGV wheel safety. I know that he takes his responsibilities seriously, so I was extremely disappointed.

I was also shocked to receive such a letter because it was written on 9 November, less than a week after the tragic crash on the M5 in which seven people lost their lives and in which I know the Minister took a close personal interest. That the Minister should send such a letter at a time when the issue of road safety was so high in his mind and in that of the public and Parliament, and refuse to meet me and those expressing concern about the issue, was disappointing and shocking. We are, however, having our meeting in the Chamber this morning, and *Hansard* will write the report rather than someone from the Minister's private office.

I first raised the issue of HGV wheel safety in June 2010 in a letter to the then Secretary of State. It followed my visit to Motor Wheel Service, a company based in my constituency that is the largest distributor of HGV wheels in the United Kingdom and across Europe. I remain grateful to the managing director of MWS, John Ellis, and to Matthew Wells who kept me briefed on issues that have concerned them for a considerable time. He also ensured that I was briefed for today's debate, and both he and John Ellis remain vigilant and active across the industry on issues of wheel safety.

On 9 November last year—just over a year ago—we had a constructive meeting with the Minister in his office at which he willingly agreed to review the data available in his Department concerning accidents, failures and defects involving HGV wheels. We parted company after that meeting on agreeable and friendly terms, and we returned to the issue on 29 March this year in the first Westminster Hall debate on HGV wheel safety at which I made two suggestions to the Minister. My first suggestion was that he should consider holding a year-long trial in one region of the country, so that enhanced testing of HGVs could take place with particular emphasis on wheel safety. The Minister listened carefully, attentively and thoughtfully to my comments, but the answer was no at the end of the debate.

The Minister was slightly more encouraging about my second suggestion, which was that he should identify a senior official in his Department to be a point of contact between the Department and the wheel supply

industry. If people in the industry had specific concerns or evidence about faulty wheels, they could report it to that named individual, who could then investigate and produce any necessary report. That would be an inexpensive way of dealing with any concerns raised, and it would help the Minister to separate speculation from facts—I accept that there may be speculation in this area, and it is important to establish the facts precisely. If only a few faults were discovered through such a reporting mechanism, confidence would be maintained and that would be good. If, however, faults were discovered, the Minister and representatives from the industry could sit down together and work out an appropriate way to ensure proper checks and reports on wheel safety.

Following that debate, there was a bit of a delay before the Minister got back to me, although he did reply in a letter dated 3 June. He thanked me for my e-mails of 15 April, 10 May and 27 May, in which I asked for further information, and crucially he confirmed that the Vehicle and Operator Services Agency has a specific team, the vehicle safety branch, that is responsible for HGV wheel safety. He also gave me the name and contact details of the head of the vehicle safety branch, who was clearly the senior official I hoped would be nominated. So far, so good. However, the Minister went on:

"The vehicle safety branch looks at issues of design or construction...and will request the manufacturer, producer or supplier to start an inquiry if there is evidence that a design and construction defect exists."

That rather limited approach adopted by the Minister caused me some concern, so I sought clarification. The Minister wrote back to confirm that the vehicle safety branch

"will not investigate faults that have arisen due to the use of the product, for example poor maintenance or accident damage."

The quality of wheel design and construction was never a problem for me or those in the industry who raised the issue. The United Kingdom has a high standard of HGV wheel manufacturing, and it is no surprise that few faults have been reported. My concern, which I raised in the earlier debate and raise again today, is the 10,000 second-hand HGV wheels that enter the UK market every year. The Minister has never disputed that figure, and the industry certainly believes it to be true. Some of those second-hand wheels may be damaged as a result of various incidents, and I will come on to that point in a moment. My principal concern, however, is the 10,000 second-hand wheels that enter circulation every year in the UK.

An HGV wheel can be damaged in several ways. Dents and cracks can be caused by over-tightening the wheel nuts or by any collisions in which the vehicle has been involved—road traffic accidents are an obvious example, but vehicles can also hit kerbs or potholes, which is sadly becoming more frequent given the condition of some of our roads. Damage can also be caused by rust, general wear and tear due to the weather, road surface conditions or age, or if the wrong tyre is fitted to a wheel. There are, therefore, various ways in which wheels can be damaged, and 10,000 second-hand wheels are in circulation and not being properly checked. That is my central concern.

Clearly, there is a lack of confidence across the wheel-supply industry concerning the checks carried out by VOSA. The VOSA inspection manual, which covers inspections carried out as part of an MOT and more random roadside checks, indicates that an inspector should look for missing wheel nuts and ensure that the wheel is appropriate for the load being carried. It is, however, of concern to me and the industry that insufficient emphasis and detail has been placed on the search for cracks and other damage.

You and I, Mr Scott, can only imagine the damage that would be caused by a 45-tonne truck travelling at 55 mph should there be a major tyre blow-out. It could cause a catastrophe, which is why we have a stringent system for checking and monitoring the tyres on all vehicles—cars as well as HGVs. Catastrophic wheel failure would produce exactly the same impact as a tyre blow-out, yet the Government seem unmoved by the concerns being raised by me and the industry.

Where is the evidence? As I have made clear, part of the problem is that the evidence is not being gathered as systematically as it should be. That is why I suggested in the first Westminster Hall debate both a year-long pilot project in one region of the country where more stringent tests could be carried out and a named official to be the point of contact between the Department for Transport and the industry.

Today, I shall give the Minister three recent examples that should concern him. The first is the evidence that I saw with my own eyes on a recent visit to MWS in my constituency. I do not pretend to be an expert on wheel safety, but it seemed to me, as I examined with my own eyes the wheel that was shown to me, that there was clearly a crack in the wheel. As an amateur—a non-professional—I would certainly want and expect a wheel damaged in that way to be thoroughly checked and examined. I sent a photograph of that wheel to the Minister. In the rather short reply in which he refused to meet me, he did not refer to that evidence, although he might want to comment on it today. I hope that he will recognise that if a wheel is damaged and is in the hands of people who are less reputable than the company in my constituency, it could be attached to a lorry in a hazardous way that could cause a catastrophe.

The second piece of evidence is an October 2011 press report in *Truckstop News*. It raises concerns that the Minister must respond to this morning. The headline was "Killer Wheels". The article stated that

"wheel manufacturer Alcoa has warned there are fake wheels on the market that are failing early. Cracked wheels were sent to Alcoa's distribution network by end users trying to have them replaced under the Alcoa wheel five-year warranty agreement. Alcoa says the imitation wheels are a good copy, making it difficult to see the difference between these and the genuine article. The manufacturer wants to ensure customers are not fooled and end up with worthless and potentially dangerous forgeries."

Counterfeit items across the whole of society can cause great damage. That is the case whether it is counterfeit cigarettes damaging people's health or counterfeit wheels. If counterfeit wheels were fitted to a lorry, they could have catastrophic results if they failed, and they almost certainly would fail if they were not built to stringent design and manufacture standards. I would like to know what the Minister makes of the report to which I have referred. If he has not had a chance to see it yet, he should check it and come back to me and others with his observations.

My third piece of evidence is an ITV news report from last Friday, which the Minister may have seen. The

[Paul Goggins]

report was on the impact of potholes and said that there is an average of 15 potholes in every neighbourhood. I do not know about your constituency, Mr Scott, but that figure seems on the low side to me. Anyway, that is what the report said. The camera crew went to a tyre fitter in Gateshead, who showed them the impact on a wheel of a major tyre blow-out that had resulted from a collision. As viewers saw the picture of the wheel and compared it with how a wheel should be, coming from the manufacturer, they could certainly see the difference. They could see very clearly the damage that had been done. Again, I refer the Minister to that evidence, if he has not yet had the chance to see it.

The Minister has a choice this morning. He can tell me once again that the failure rate is 0.0006% and that if anyone supplies defective or faulty items to be fitted to a vehicle, they can be prosecuted; or he can take a rather more engaging approach—as I hope he will, even at this stage—and meet me and representatives of the industry to consider the need for more rigorous checks. The Minister may have gathered from the fact that he is here this morning—I am grateful to him for being here—that I am certainly not going away on this issue. There have recently been a number of presentations on the issue to important industry bodies. ATS Euromaster has had a presentation, as have the National Tyre Distributors Association, the Northwest Automotive Alliance and the Society of Motor Manufacturers and Traders. I can tell the Minister that further discussions are planned with those bodies about these concerns, which I can attest are growing concerns in the industry.

Indeed, such is the level of anxiety in the industry that when the Minister wrote to me to say that he was not prepared to go beyond the very limited offer that he had made, the industry was prepared to put in place its own reporting mechanism, so that it could say to companies throughout the wheel supply industry that if they had evidence of any wheel failure, they could report it through a specially designed industry reporting system and it could be passed on to the Department for Transport. That was the request that I made of the Minister: given that the industry was prepared to put in place its own self-reporting system, could we have a meeting to discuss how best to make the arrangements for that industry reporting structure to link to his Department? He has made it clear up to now that he is not engaging with the industry in relation to that question, but I urge him to reconsider that position and to be prepared to have a meeting or at the very least to be prepared to talk to the industry about its own ideas for self-reporting and how that could be linked to and engage properly with officials in his Department. As I have said, I hope that the Minister will reconsider. I am pleased to see him in his place today and I look forward very much to listening to what he has to say.

11.16 am

The Parliamentary Under-Secretary of State for Transport (Mike Penning): It is a pleasure to speak under your chairmanship on this important day, Mr Scott. I congratulate the right hon. Member for Wythenshawe and Sale East (Paul Goggins) on securing the debate, although I am slightly disappointed by his saying that I have not engaged. We had the previous debate in this Chamber, but before the debate we had meetings in my office; I think that that is engagement. I have said throughout that as the Minister—the right hon. Gentleman used to be a Minister himself—I have to have an evidence base to go forward. In the letter to him, I was trying to be as honest as possible: I did not have a slot in my diary between now and Christmas, and that is why I said that at this stage I cannot see him; I could have given him a date after Christmas, but I thought that such a long delay would have been an insult to him. However, like any other colleague, he can stop me at any time and I will engage at any time. My officials are also engaging.

It is important to talk about who is representing whom in the very important UK logistics industry. The Freight Transport Association and the Road Haulage Association, whose representatives I meet very regularly and with whom I have a very good rapport, have not raised this issue with me once. I was at a major haulier's yesterday—in fact, I was going along the A13 in Essex in a 38-tonne articulated truck. I make those visits so that I can engage with the industry. I was feeling slightly jealous yesterday because I have only a class 2 licence, not a class 1. I have been very close to this issue for most of my career, especially when I had a licence in operation myself.

The right hon. Gentleman is absolutely right. I am going to quote the 0.0006% figure. I will answer the specific points he raised, but if anything has changed the position since the previous Adjournment debate—if more evidence has emerged—of course we will look at it and at the specific details to which we have alluded.

The right hon. Gentleman sent me a photograph of a damaged wheel. One of the facts I wanted to ascertain was when that vehicle was last tested, because the crack should and would have been brought up in the test. It is illegal to have that sort of damage on a vehicle, as he knows, and it is illegal to run the vehicle with it. The operator's licence would be affected should they run a damaged vehicle; it is an offence under the Road Traffic Act 1988 as well as under the operator's licence. However, the crack would have been picked up at the annual check. Unlike cars—we are to review the situation of cars in relation to MOTs—lorries are checked annually from when they are new.

I would like to know, and I would have hoped that the right hon. Gentleman might have told me because he was using this as evidence today, what vehicle the wheel came off and when the vehicle last had a check. It could have been the case that the damaged wheel on that vehicle was picked up and then removed, as we would all expect—so that it was not on the road at all.

Killer wheels are an interesting topic. The question of copies or snides has been around for a long time, particularly regarding aluminium wheels on cars. The failure rate for aluminium wheels, if they are not constructed right, has worried me for many years. The focus is often on design rather than function—people want them to look flash. That is something that we are looking at robustly, but legislation already exists to make sure that that sort of thing does not happen again. If the manufacturers are picking up copies being brought into the country, I assure the right hon. Gentleman that we will work with the Department for Business, Innovation and Skills on that.

The ITV report on potholes was interesting, because there are myriad reasons why a wheel could fail. Those who follow Formula 1 will know that during the race before last, a wheel failed on the first corner; there was an instantaneous puncture. Central Government have invested a huge amount of money in repairing potholes, which is why the number of potholes is as low as the report suggested. The right hon. Gentleman will have to wait until later today for further announcements on road infrastructure. It is absolutely right to say that failures take place when vehicles hit potholes or hit the kerb. I had a failure in an aluminium wheel when I attempted a U-turn, misjudged it and caught the wheel wrongly on the kerb. Not only did the tyre give way but the aluminium wheel broke.

Paul Goggins: During the first five minutes of the Minister's speech he has not even glanced at his folder, which demonstrates both his enthusiasm for road safety and the fact that he is completely on top of his brief. He has responded to the three pieces of evidence that I gave him without looking at a note, so he clearly has the information at his fingertips.

If the hon. Gentleman had written to me on 9 November to say that he was dealing with a lot of pressing matters and would not be able to meet me until the new year, I would have understood and accepted that. I would have done so reluctantly, because before Christmas would have been better, but if he makes that offer again this morning I will be happy to accept.

Mike Penning: I apologise for the fact that I am not reading the speech that was written for me—I rarely do—but I hope that I am on top of my brief. Road safety is paramount for me, especially as I come from a fire service background. While I was in the fire service, I attended road traffic collisions regularly as the driver of a rescue vehicle. I never once encountered an incident in which the wheel had failed, although there were lots of other problems, particularly on some older cars where the hub structure had failed. In the evidence that we have looked at, which I will not read out, there were 23 failures over a 15-year period, but such problems were often due partly to accidents where wheels had been struck and damaged.

I will write to the right hon. Gentleman in the very near future and offer him a slot after Christmas. I think that something positive has come out not only of today's debate but of my saying no the last time we met in this Chamber, because the trade associations have stepped up to the plate. Rather than Ministers telling people what to do, the right approach is often for the industry to realise that it has a responsibility as well and that reform is needed.

There might be a certain amount of semantics on the part of both myself and the right hon. Gentleman about the wording of the letter and who the official responsible for these issues is, but the simple answer is that the buck stops with me. If the trade associations want to present evidence to me, rather than an official within VOSA, they can do so and I will be more than happy to provide that point of contact. This is not only about the manufacturer; if the failure rates are increasing, and that is what this is all about—I am not disputing that one way or the other because, frankly, we do not know, and there is no point disputing something that is not disputable—do I still want there to be a second-hand market? I do, because that is important for people who cannot afford to buy brand-new wheels every time, but those wheels must be safe. The operators have a responsibility to make sure that that happens, and I do not want to take that responsibility away from them.

When I was in that truck yesterday, I felt comfortable not because it was brand spanking new—it was not; it was about 18 months old—but because of the robustness of the legislation governing VOSA and its testing regimes. I have been at the side of many a road with the new VOSA testing and enforcement officers, and I know how remarkable the current equipment is. We can estimate the weight on an axle while the vehicle is travelling at 56 mph down the motorway; we can pull it over and put it on a weighbridge, and we know accurately what the result will be. When inspections take place, on overseas vehicles as well as our own, checks on wheels and brakes are carried out, there and then, to the best of the officers' ability. Obviously, most of the weigh stations do not have a pit facility.

If the right hon. Gentleman—let me call him my right hon. Friend—has called this debate as a direct reaction to my letter, he should have pulled me over in the Tea Room, where I would have addressed the matter straight away and we would have had a meeting after Christmas. He will understand, because he was a Minister himself, why I do not like making appointments way into the future. Events take over and I might not even be at the Department any more; someone else may be doing this job if we go too far past Christmas, or even before Christmas.

Paul Goggins: I sincerely hope that the Minister is still in his position in the new year, not only because he has now promised me a meeting, but because he is clearly on top of his brief and doing a good job. I commend him for that. He has mentioned twice that I was a Minister, which I was for seven years, and I never, ever refused a meeting with a Member of Parliament. The message that I am sending to the Minister and the Government is that when Members of Parliament are pursuing issues that concern them and their constituents and they want to meet Ministers, it should be an absolute given that those meetings take place. Of course Ministers are always busy, but their busy diaries must not get in the way of their fundamental accountability to MPs and to Parliament.

Mike Penning: I have a reputation in the House for being approachable, and this is the first time that I have ever been reprimanded by a senior Member. My letter was written in the best possible faith; a series of events to do with lots of things, which I will not go into now, meant that I could not guarantee a slot that I would be able to hold on to. The worst thing in the world is to make an appointment and cancel it, but that is what tends to happen. When I was in opposition, promises were made to me and they were not kept. If I make a promise, wherever possible and subject to business, I keep it, so the right hon. Gentleman and I will meet. I hope that the trade associations will do what they said they will do—that they will get the submissions together and come as a united body to present their evidence. That will allow me to go away and ask why we have certain failure rates coming from all the different expert

[Mike Penning]

bodies mentioned in the speech that I have not used, and to compare that with what is happening on the front line.

Whatever happens, I will not increase the burden on businesses. I think that the haulage industry, with the margins that it works on, is already heavily burdened, and I am trying to take some of that burden away. Road safety is paramount for me, but operators have responsibilities, which they must never forget.

11.28 am

Sitting suspended.

Girls (Educational Development)

[MRS ANNE MAIN *in the Chair*]

2.30 pm

Esther McVey (Wirral West) (Con): It is a pleasure to serve under your chairmanship today, Mrs Main, in this important debate on the development of confidence for girls in school and the importance of role models to the future career paths of young girls. The debate is important to every schoolgirl in the country. The outcome and agreed actions need to take effect to ensure that girls achieve their full potential. As Mrs Robinson, the headmistress of West Kirby grammar school, has said, we have to encourage girls to have a can-do attitude from as young as possible, perhaps from year 7. Many schoolgirls lack confidence in themselves and their ability, and while boys think that they can, girls think that they cannot.

I have worked in the area for the past decade with schoolgirls, women-in-business organisations and through academic study and research. Today, I hope to bring to the debate not only my experiences, but those of my colleagues, renowned academics, Girlguiding UK, which, with more than 500,000 members aged four to 25, is the biggest voluntary girls' organisation in the country, teaching professionals and business women who mentor other business women and schoolgirls. I will also talk about the findings from a recent Ofsted report titled, "Girls' careers aspirations".

My personal journey resulted in my writing a careers guide for girls called, "If Chloe Can". The book was written to help provide an array of role models for girls, showing them examples of inspiring women from different backgrounds who all excelled in their careers. The book has now become a play to inspire girls and to show them what they are capable of achieving with hard work and determination. The play is now being done with the National Youth Theatre, which found a young writer, Karla Crome. She is only 23 and was delighted to write the play, which helped her along her playwriting path. There is also a group of young female actresses, who are also gaining experience to help launch their careers. All that is consistent with the theme of building confidence through doing and achieving in a supportive environment, while being helped by role models.

The female role models who took part in the play and the career book totalled some 100 women, who are some of the most successful women in the UK and the world.

Karen Lumley (Redditch) (Con): Does my hon. Friend agree that we, as Members of Parliament, also have a great deal to offer as role models? I am mentoring six young girls in Redditch, and I learn a great deal more from them than they learn from me.

Esther McVey: My hon. Friend has an excellent point. As female MPs, we are role models. To become an MP, someone has to be one in 100,000 people, and there are so few of us here, which relates to the cycle of learning that she has discussed. Knowledge from one generation can be passed to the next.

I was impressed by how openly and honestly the 100 successful women that I have mentioned talked about confidence, the need to develop it and how important it

was for them in achieving in life. They compared confidence to a muscle that needed to be worked out through repetition of small, ever-increasing achievements. From those accomplishments, they developed a mental power—a power based on ability, achievement and a track record, further enabling them to strive for success.

Confidence can be difficult to describe. Helen Fraser, chief executive of the Girls' Day School Trust groups of schools, past managing director of Penguin Books and two-time winner of "Publisher of the Year", explained it as follows:

"There are many interrelated aspects to confidence, but there are two I would highlight as particularly important for girls, and which schools can help girls develop. The first is having the confidence to take risks, to 'feel the fear and do it anyway'. Schools can nurture this by encouraging girls to take small risks—to stand up in front of a crowd and make a speech"—

like I am doing today—

to direct and produce plays, to take part in debates, to take on challenges like the Duke of Edinburgh's award. These kinds of experiences make girls much more confident about risk, and risk is absolutely essential in working life."

Pauline Latham (Mid Derbyshire) (Con) *rose—*

Mrs Helen Grant (Maidstone and The Weald) (Con) *rose—*

Esther McVey: I will give way first to my hon. Friend the Member for Mid Derbyshire (Pauline Latham) and then to my hon. Friend the Member for Maidstone and The Weald (Mrs Grant).

Pauline Latham: My hon. Friend says that confidence can be difficult to describe, but we know exactly what it is when we see it. Does she agree that girls often do much better in a single-sex environment in schools, even if it is only in a single-sex class in a co-educational comprehensive? They are not having to live up to a stereotype in front of their colleagues and friends, the boys—

Mrs Anne Main (in the Chair): Order. I remind the hon. Lady that interventions should be short.

Pauline Latham: Thank you, Mrs Main. Does my hon. Friend agree that girls do much better if they are not threatened by apparently more confident boys?

Esther McVey: My hon. Friend raises a point about girls being taught in a single-sex environment. Obviously, parents know best whether they want their children to be taught in single-sex environments. Whether there is stereotyping, whether girls are living up to stereotypes and whether they have the ability to speak freely within their peer groups can affect their confidence.

Mrs Grant: Although academic subjects are important, does my hon. Friend agree that confidence-building subjects such as music, drama, the arts, sports and reading out loud in class are also important? Some children may not flower academically at a particular moment, and those subjects can boost their self-confidence and self-esteem.

Esther McVey: I totally concur. That is what Helen Fraser was talking about—little bits that people can do to build up confidence. As we know, some of us flourish and blossom at different times in life. Therefore, someone has to feel confident in what they have done when they do it.

The second aspect that Helen Fraser raised is

"the confidence to be yourself, not to feel you have to conform to everyone's expectations. This includes the confidence to stand up for yourself, to disagree with the group consensus if you believe they're wrong and you're right. Even if it is just speaking up at a meeting, or daring to have an opinion that isn't the same as everyone else's, it's important to have the confidence that your…opinions and beliefs matter just as much as any other woman's or man's."

Heather Wheeler (South Derbyshire) (Con): An interesting thing that I found in business clubs, particularly in girls-only schools, is that when girls set up and run companies—the companies are sort of junior social enterprises—it builds their confidence and helps them break out from ordinary school. Will my hon. Friend comment on that?

Esther McVey: I will indeed. I will talk about work experience and employing other styles of developing confidence later on. My hon. Friend has certainly touched on an important subject.

The aspects that I have talked about make up confidence. They are important throughout life, and girls lack them. Quantitative studies over many years have shown that levels of self-confidence in girls and young women are much lower than those in boys—Hisrich and Bowen in 1986, Hollenstead and Wilt in 2000 and Kickul, Wilson, Marlino and Barbosa in 2008. Such issues need to be addressed, because they have lifelong implications.

Today's debate centres on the key ingredients that assist in life fulfilment and in achieving personal potential, which need to be nurtured especially in girls far more than boys. Broadbridge noted that a lack of confidence resulted in girls being far more critical of themselves and their abilities. That can become self-doubt later in life, preventing them from applying for promotion and bringing attention to their own achievements, as Singh, Vinnicombe, James said in 2006.

That stands the test from a recruitment point of view. Having conducted informal quantitative studies, recruiters will say that they can probably check a woman's CV in 20 minutes, because a woman usually underestimates her ability, whereas they might need up to two hours to check a bloke's CV, because he is convinced that he can do something, even if he has not necessarily done it yet.

In Carol Gilligan's book, "In A Different Voice", she explained how male and female traits develop differently from birth through parental guidance. Boys strive to be independent by, for example, playing competitive games, whereas girls stay close to their mother and their games are dominated by "sharing" and "playing together". That means that men can put "winning" ahead of relationships and that women value co-operation and do not like the quest for victory, if it threatens the harmony of a group. The academic Albert Bandura noted that

"confidence in our ability to perform"

is developed in four key ways—social persuasions, mastery of experience, modelling and judgment of our own psychological state. Social persuasions and stereotyping, as identified by Bandura, are a huge concern when considering girls in school.

Girlguiding UK's 2009 girls' attitudes survey showed that girls aspire, stereotypically, to female careers. Hairdressing was the No.1 choice for under-16s; teaching was the No.1 choice for 16 to 21-year-olds; and only 1% of those surveyed said that they wanted to work in

[Esther McVey]

science or engineering. In the same survey in 2011, when the girls were asked why so many of them aspired to be hairdressers and so few to be engineers, more than half those surveyed—57%—said that hairdressing is what girls are interested in, while they veer away from engineering because of a lack of interest, as expressed by 51%, and a significant lack of female role models, as expressed by 60%. It was also perceived that girls "don't do that sort of job", as expressed by 47%, and that they did not know enough about it anyway, as expressed by 43%.

As demonstrated by those figures, there is a confidence issue when we explore areas of work that are outside the stereotypical areas of female work, which often limits the job prospects, wages and promotion of women. In turn, that often leaves women in much more vulnerable jobs later in life, such as "the five Cs"—cleaning, catering, caring, cashiering and clerical work. The widening of girls' horizons from a young age is vital, especially as there is a constant battle with the daily barrage of media sexualisation and stereotyping of girls. Studies over the past 30 years—from McArthur and Resko, to Manstead and McCulloch, to Hyde—have constantly found that, overall, men and women in the media and advertisements differed in terms of credibility, with men being portrayed as authorities and women as users, and women in terms of relationships and men as independent. Given the daily amount of television alone that we consume—on average, four hours a day—and how highly we regard TV as our major source of entertainment and our most important news medium, we can realise how important that constant barrage of TV images is when it comes to fixing our views and adding to existing stereotypes.

Many girls tend to be seen, and see themselves, as the nurturers, which is reflected in their choice of occupation. The recent Ofsted report, "Girls' Aspirations", showed that the sort of fixed views exhibited by girls in the Girlguiding UK report are being maintained, because girls are sticking to strict, old-fashioned stereotyping. The Ofsted report also found a lack of knowledge among girls about what careers are available and about progression and promotion in careers in general, which highlights concerns about the careers system and careers advice.

What are the Government doing? They have taken some important steps. I welcome the introduction of the E-bac, or English baccalaureate, which is one of the Government's most recent initiatives. It is a new performance measure for schools and is designed to give children a more rounded education, encouraging more students to take traditional academic subjects, including English, maths, history, geography, the sciences and a language. It was reported in August that the E-bac is steering twice as many pupils in England's secondary schools towards core academic subjects. A Government-commissioned survey showed that 33% of pupils will take E-bac subjects in 2012 and 47% in 2013 compared with only 22% in 2010.

Kevin Brennan (Cardiff West) (Lab): Further to the point made in an earlier intervention, will the hon. Lady tell us what the impact of the introduction of the E-bac has been on the study of music?

Esther McVey: I must admit that I do not know what the impact of the E-bac has been on the study of music, but hopefully the Minister can answer the hon. Gentleman's question.

I am working with the 30% Club, which is a group of women aiming to increase the percentage of women on top company boards to 30%. One member of the 30% Club, Katushka Giltsoff, a partner at the Miles Partnership, said that knowledge is key and that the most important thing that girls can do is study serious, mainstream subjects and obtain an all-round education, so that they can do what is best for them later in life. It is also important that we do not limit girls' choice of subject early on, because limiting subject choice early on ultimately limits career choice later.

Where could we be doing more? We need to ensure that girls have a better understanding about career choice and its impact on their long-term earnings. We also need to develop better and more carefully planned opportunities for girls to meet female professionals who are working in non-stereotypical roles, so that they gain a better understanding of what a job entails and how they can follow a career path. That process could even be extended so that female professionals could act as mentors to guide girls into careers that they are interested in. Everywoman has begun the Modern Muse project, which tries to link business women with schoolgirls. Claire Young of Girls Out Loud is piloting Big Sister. That project is very much like the American model of Big Brothers and Big Sisters, which bring mentors and business professionals into schools so that children can have a selection of role models. Similarly, Etta Cohen, who is the founder of the biggest women's network in the north-west and an ex-teacher herself, has said that schools and teachers in particular have a big role to play in getting real role models into schools and in getting schools to engage more closely with the business world. The Government could address that issue by preparing more girls to become women entrepreneurs, which we know is important. At the moment, 150,000 fewer women than men are setting up in business. If we had 150,000 more women in business, they would be fulfilling their potential and paying into the economy. Moderate estimates are that they would pay in £9 billion, but it could be as much as £30 billion.

There are various routes to follow. The other thing that the Government are doing, and need to do, is link up what is already out there. We should not reinvent the wheel but encourage organisations to do more together, whether that involves MerseySTEM promoting the study of science to girls, the Chemical Industries Association and the Royal Society of Chemistry encouraging girls to study chemistry or—if I can mention it again—the National Youth Theatre producing the play based on my book, which will be seen by 1,000 schoolgirls at a time. All those organisations can give girls an array of role models.

All this activity is vital for future generations of girls, and we are looking at this issue at a very important time. Lots of changes are going on, but the progress of girls has not improved in the past 30 years. The progress of girls has been glacial, and whatever has happened in the past 30 years has not helped girls. That is why today I have specifically cited academic studies from the past 30 years, as well as very practical studies and reports by business groups. I have done so to say, "We must do

more." The help and support is out there, and I know, from working within our Government, that we have a will to improve things.

I have a question for the Minister, who I know has done so much to change the landscape of apprenticeships and expand their availability and take-up by both companies and individuals. I hope that he can shine his spotlight on this area and achieve similarly successful results. To do so, he must encourage confidence-building measures for girls, through the types of activities that I have discussed, beginning with girls in year 7 or younger, and he must actively encourage girls in the pursuit of the Duke of Edinburgh award in performance, arts and music.

I welcome the Government's national citizenship service, which was piloted in the summer. On Wirral, it brought children together from all kinds of backgrounds and at the end of the two-week project the children said it had pushed them, allowed them to engage in activities that they had never done before, including team play, and built their confidence. They said that it had been life-changing and transformational. If we could build on that success in one way or another and encourage more children, particularly girls, to participate in those projects in their summer holidays, it would be a giant step forward.

The Government should develop work experience links during summer holidays. I wonder whether the Government's plans, for 5,000 women mentors over the next three years to inspire female entrepreneurs, could be extended into schools to help with initiatives such as Modern Muse and Big Sister. As John Asgian, a teacher at St George's school in Maida Vale, puts it:

> "Self-confidence is a function of self-identity. It is not always about 'feeling good about yourself', it is about doing well for yourself and doing good for others."

If we want a generation who are doing well for themselves and good for others, it is time we helped them build the ability to do it, and we can do just that by building self-confidence for girls.

2.50 pm

Amber Rudd (Hastings and Rye) (Con): The Government are right to put so much emphasis on qualifications and on raising school standards. Every time our excellent Secretary of State for Education gets up and raises the flag for higher standards in schools, I want to cheer him, and as a parent I harass my children regularly, with mixed results, but I must confess that there is perhaps one thing more important than qualifications and that is, of course, confidence. If you have confidence and qualifications you are king and are likely to become a Member of Parliament—

Mrs Anne Main (in the Chair): Order. Could you not say "you"? I have masses of confidence and qualifications, but I am sure that the hon. Lady is not referring to me. I have noticed other hon. Members doing the same. I do not wish to stop the flow of the debate, but if speakers could not refer to me, I would be grateful.

Amber Rudd: Of course, Mrs Main. I will adhere to that, confidently. With qualifications and confidence—king. Without qualifications—trouble, absolutely. But anyone who is brimming with confidence can get on and make the right choices.

It is very important that, along with studying for their qualifications, young people learn confidence at school, but why is it particularly necessary for girls? We so often see girls outperforming boys in qualifications, so why is it that when I go, as I often do, to the mixed schools, particularly the secondaries, in my constituency and get up and talk to the pupils, I get many questions, but very rarely from the young women? They seem to think that they have to sit quietly, and that worries me. It worries me that the next generation of young women are not confident enough in the classroom, and that will have an impact on their future lives. We know what low confidence is about; it is about low self-esteem, and in areas of high deprivation, such as the ones I have in Hastings, we are more likely to get the low self-esteem that goes with lower family expectations and unwise choices.

The topic I want to address today is teenage pregnancy. The UK has the highest rate of teen pregnancy in Europe and the developed world, and one of the highest in the whole world. The previous Government made strong efforts to tackle the problem. In 1999 they put together a 10-year strategy to reduce the number of teen pregnancies, and a lot of money was spent on it. The different impacts and influences on the young women making the choices were analysed, and we found out a lot about the effects of welfare, of access to employment and housing, and of confidence, but unfortunately the strategy did not have a tremendous impact. Over those 10 years, the number of teen pregnancies fell by only 13%; the goal had been 50%. Any decrease is of course good, because having such high levels is an unacceptable way for communities to operate, but we could do more, by boosting confidence in schools. We must have a platform that addresses how we can influence young women so that they make smart choices.

Claire Perry (Devizes) (Con): Does my hon. Friend agree that one of the best ways of influencing young women to make smart choices is to show them role models? All too often the role models in the media are about make-up and singing as career success. Does she agree that a great advantage of the initiative taken by my hon. Friend the Member for Wirral West (Esther McVey) is that it shows young women that there is a huge multiplicity of female role models out there who can inspire them?

Amber Rudd: I agree. It is incredibly important that young women realise that there are other women out there who can help them to make smart choices. We need to reduce the impact of all the advertising and television that seems to suggest to them that celebrity and early parenthood are a way forward. It is well known that these young women sometimes make what we call a choice to go ahead and have a baby at a young age. They think it is a smart choice—they see the welfare benefits—but in the vast majority of cases it is not a smart choice, and it has unhealthy outcomes for the young woman and the baby.

In schools, we can do two things. We can raise educational standards, of course. In some cases, it is hardly fair to say that young women with no qualifications make choices. They do not make choices, because they are left with no qualifications. Having qualifications is incredibly important, and I hope that this Government raise standards.

[Amber Rudd]

We also need to help young women with their self-esteem, so that they have, quite simply, the confidence to make choices—to say "No" when they want to, and to ask for birth control so that they do not end up having babies quite so young.

Last week I saw Hilary Pannack of Straight Talking, a leading UK charity, which was set up in 1998 to combat the high levels of teenage pregnancy. The charity does an extraordinary thing, delivering peer-to-peer education in schools. It employs young mothers who have had babies as teenagers to go into schools and make clear the sort of life that lies ahead. They do not say, "This is a disastrous thing to do," because no life is a disastrous thing, but they do explain the hardships of young motherhood and the lack of choice about their own lives. The organisation is very successful. It told me that it tries to explain why not to get pregnant:

"The approach is centred on the belief that young people might know how not to get pregnant"—

this is not pure sex education; they understand the facts—

"but they also need to know why not to get pregnant."

My experience of talking to young women in Hastings is that that would be a very useful guide.

Coming back to the impact of deprivation, in 2007-09 the teenage conception rate in Hastings was, unfortunately —

Mrs Anne Main (in the Chair): Order. I am trying to give some latitude to the Member, but somewhat tangentially some of her comments range rather wide of the debate on confidence. If she could keep bringing her comments back to confidence, I should be grateful.

Amber Rudd: Okay. I am interested in talking about this topic because confidence is probably the single most important element in a young woman's life choices. One of the most destructive factors is a young woman not having the confidence to be able to make the choice to get her qualifications and develop her career, and instead making what is effectively a choice to have a baby very young. That is why this is absolutely about confidence. It is about having the ability to make that choice.

I encourage the Department for Education to engage with the charity Straight Talking so that we have more representations from women who have been in that situation and can deliver peer-to-peer advice in schools, so that young women can focus on that choice. I welcome the fact that the Department is consulting on the subject—if any Members would like to input into it, the consultation closes on 30 November. If we are going to reduce the rate of teenage pregnancy, which is a casualty of lack of confidence, addressing confidence is absolutely paramount.

2.59 pm

Chris Ruane (Vale of Clwyd) (Lab): For 14 years before becoming an MP, I was a primary schoolteacher. I ended up as deputy head of the primary school that I went to when I was three—Billy Backwater, perhaps, and some might say that I have swapped one set of bells and playground humour for another. While I was a teacher, I taught eight, nine and 10-year-olds. The young girls had confidence, dynamism and enthusiasm—I could see it in their body language, their movement, their facial expressions and how they interacted with boys, teachers and each other. Something happens around the age of 13 or 14 that turns girls from dynamic people to not-so-dynamic ones who adopt the role of second-class people in school.

I congratulate the hon. Member for Wirral West (Esther McVey) on securing this debate on a subject that is rarely debated. The briefing pack from the House of Commons Library concentrates on jobs and not on the essence of the debate, which, as you have said, Mrs Main, is girls' confidence.

The hon. Member for Wirral West mentioned many research documents and books. I draw hon. Members' attention to Mary Pipher's book "Reviving Ophelia". Ophelia, as hon. Members will know, determined her own value by how she was perceived by her father and Hamlet, and ended up dying, drowned in a beautiful dress that made her look ever so pretty but dragged her down and kept her underwater, surrounded by flowers.

At the crucial age of 13 and 14, in early adolescence and puberty, the battle for self is won or lost. Much is made of qualifications such as GCSEs and A-levels, but only 18% of a person's success, measured over a lifetime, is down to qualifications. We focus attention and funnel billions of pounds of funding into education, but is that the wisest use of our public funds? Are there other ways we could try? Could we divert some of it into confidence-building measures such as mentors and role models?

Bob Stewart (Beckenham) (Con): If what the hon. Gentleman says about early puberty and age 13 and 14 is correct, should we not concentrate all our efforts on that age group? If we have to take resources away, we should take them and concentrate them on that age group, in order to give them the confidence to shoot through and go on to do GCSEs, A-levels and so on.

Chris Ruane: I agree that it is a crucial age, but as another hon. Member mentioned in an intervention, the most crucial age is probably nought to three, when children are dressed up in pink or blue and told to be active or passive. For me, though the thrust of this debate is that 13 and 14 are a critical age.

Other factors that determine success are emotional intelligence and confidence. Luck, as everyone within this room will know, provides a great deal, as do social connections and networks. Some people are well connected—I would say that most of us here are—but in places such as the constituency of the hon. Member for Hastings and Rye (Amber Rudd), a seaside constituency like my own, social networks and networking opportunities for jobs, placements and internships are minimal.

During the period when girls are aged 13 to 14, smartness is seen as a liability. There is pressure to be popular rather than honest with themselves, and young girls are taught to be feminine rather than a whole person, as that might be slightly unfeminine—"She's a bit tomboyish. She's a bit too big for her boots. Get down." Many young girls spend more time on make-up than on developing value systems. We could do a lot to teach young girls to develop their own value systems.

I mentioned the education budget, but there are also consequences for the health budget. Mental illness among

children is running at 25%, and obesity in young children at 29%. We are following the American model, although we are 10 years behind, so we have a lot worse to look forward to. Binge drinking is on the rise, and smoking has decreased in virtually every sector of society save for one group: 15-year-old white working-class girls. What is going on? Why is that group the worst affected? Incidences of bulimia, anorexia nervosa, loneliness and self-harm are on the increase and need to be tackled. Not only do they have an economic consequence, they have a human consequence. Girls' complicated lives are often reduced to one thing by the media: weight. "If you're thin, you're okay. If you're not, you're not okay."

Mary Pipher's book outlines some practical tools, one of which involves centring oneself on a regular basis. We are all on the hedonic treadmill. As MPs, we get up at 6 or 7 o'clock in the morning and get home at 11 o'clock at night; often, we find little time for our spouses, parents and children. We are not alone; other people out there are in the same position. We pass on those values to our children, and they do not have time to reflect. Reflection and centring are key, especially for young girls, but perhaps for all of us here.

Mary Pipher says that a distinction should be made between thinking and feeling. Girls should not just follow their emotions; they should slow down and think. Is that feeling intelligent? They should check with reality. Girls need to develop personal value systems, which she describes as a north star, by asking, "Who am I? What is important to me?" and holding it up so that when advertisers try to throw them this way or that, they say, "No, I'm going that way. I'm following my star."

Mary Pipher says that we should take time for the important decisions in life. Teenage pregnancy has been mentioned. Deciding who their first boyfriend will be is a big step for girls, as is how that relationship unfolds. Who are their friends? Are they the right friends and not just the popular ones? Do they have the right values that fit with a girl's own personal values? Mary Pipher also says that young girls, like all of us, should try to manage pain. Pain can be a good thing if we handle it right: if we feel under threat and get on top of that threat, we become stronger people; if we fold under it, we become weaker. It is a dangerous game. Pain is all around, and to overcome that pain, proper support is needed, as is time to talk with family, friends, trusted mentors and role models. Organisation of a young person's life is also important. We should help them manage their busy schedules and be there when they need help.

Other hon. Members mentioned providing the right activities, although it sounds a bit old-fashioned, a bit big society and a bit like the right hon. Member for Witney (Mr Cameron)—perish the thought. The right activities, such as exercise, reading, hobbies and meditation are all old-fashioned but good stuff, as opposed to the wrong activities, which are thrown at kids in every advert. We witness something like 1,400 adverts a day. They are full of promotions of drinking, eating and overeating, sex, drugs and smoking. The advertising industry is a multi-billion-pound industry that tells us to consume, consume, consume and not to bear in mind its effect on individuals and families.

Developing the right activities is important. As was mentioned, we need to recognise, record and celebrate successes, whether in sports or other activities. That becomes a virtuous circle, as a girl gains confidence in one activity such as singing or dancing and becomes a bigger person for it. Again, it is big society-ish, but we need to develop altruism and volunteering to get away from the self-absorption forced on us by the media, and to use skills such as humour and to develop a thick skin against our peers when they say, "Your values are wrong and ours are right."

In his book "Affluenza", Oliver James calculates the amount spent on advertising in America to be 2% of GDP. In the UK, it is 1.5%, and it is 1% in mainland Europe. The purpose of advertisers is to sow discontent and make people think that their life is not quite right, but that it would be right if they had this or that. Some of us can say, "No, I don't want that," but young girls are especially vulnerable to advertising and that state of permanent dissatisfaction. Advertising comes through the TV, the radio and, increasingly, through the internet. It comes especially through girls' magazines, which have been described as the work of the devil. Considering the values that they communicate to young girls, should such magazines be regulated? I know that we are not in favour of press censorship, but let us at least have an assessment of the harm that they are doing to young women.

Mrs Anne Main (in the Chair): Order. I am sure that the hon. Gentleman will bring the word "confidence" into his discussion of all these activities.

Chris Ruane: With respect, Mrs Main, every single point I have made is about confidence. This is about someone creating their own value system rather than having the media's values rammed down their throat, and it is about developing as a person with individual confidence. Another way people can combat such pressure and develop confidence is to check the messages that enter their ears and eyes daily. Hon. Members may laugh at the concept of media studies, but when we became a literate society 600 years ago, literacy flourished and people studied it. Now we are in the age of the moving image, but we do not study the moving image. It is pooh-poohed, because the owners of the media do not want us to understand it or to appreciate the control that they have over our lives.

Bob Stewart: I stand as a father of four daughters, grossly over-confident—

Chris Ruane: You or the daughters?

Bob Stewart: I am overawed by them. The hon. Gentleman mentioned literacy. I also have two sons, and I have found that the daughters spend so much time reading compared with the boys. That is absolutely fabulous, and we should use it somehow to develop confidence among our children.

Chris Ruane: They obviously have a very good father.

Bob Stewart: They have a very good mother.

Chris Ruane: In conclusion—I realise that others want to speak—there is a number of positive actions I hope the Minister will take. Much of the research that was done for Mary Pipher is American, and although there is a direct correlation with this country, we need

[Chris Ruane]

British research to find out what is going on in our society. We must not leave such research on dusty shelves, but use it to create practical activities in the classroom and in the home for young women. We need a curriculum that includes properly structured confidence building, which is measured over time to ensure continual improvement. Dare I say it, we may even need regulation. I know that the Government are loth to regulate, but we need an assessment of the damage advertising causes to specific groups, especially young, vulnerable women and children, and if regulation is needed, we should implement it.

3.12 pm

Caroline Dinenage (Gosport) (Con): Thank you, Mrs Main, for allowing me to take part in this incredibly valuable debate.

I commend my hon. Friend the Member for Wirral West (Esther McVey) for the huge contribution she has made to tackling the lack of confidence among girls by securing this debate and by working over many years to bring this issue to the public consciousness. It must have taken some confidence to stand up today and speak about this issue, because confidence among young women seems for some to be a marginal issue that is worthy of comment but always plays second fiddle to the goals of academic success, sporting achievement and extra-curricular excellence in schools. I believe, however, that the most important thing we can take from today's debate is the understanding that confidence is absolutely pivotal to a girl's success. That confidence and self-belief, which eludes so many girls in our schools, is the foundation of their achievement throughout life.

At senior levels across the sectors women remain a rare breed. FTSE 100 boards are plagued by a chronic under-representation of women, and only one of the 12 Supreme Court judges is female. However, the commendable aim of getting more women on the boards of top companies or to the heights of the professions is entirely alien to many girls in my constituency. The worlds of business, law or science are a million miles away from where some of the young women in Gosport believe they can take their lives, because of their persistent lack of confidence and aspiration. One teacher told me quite bluntly that many girls will get pregnant because they see having a baby as the one thing they are capable of achieving. As a primary school teacher, she sees first hand that from a tragically young age girls allow themselves to be shouted down by boys in class, as they mimic the lack of confidence, attainment and ambition they see in their own mothers and other female role models.

As children grow, so does the gender gap. National statistics show that girls are more than capable of outperforming boys throughout school. I could mention as anecdotal evidence the fact that, on the school run on Monday morning, my nine-year-old son bemoaned the fact that the two most brilliant children in his class were both girls and asked at what age girls stop being better than boys at everything. Despite the statistics, however, many girls are falling behind in the most deprived areas of Gosport. A teacher told me about one girl whose ability in maths far outstretched what she was actually achieving. At a certain point the girl started to believe that doing well in maths or in science was in some way not cool or attractive.

My hon. Friend the Member for Wirral West mentioned a survey by Girlguiding UK, which found that being a hairdresser or beautician is the top career goal for many secondary school girls. Although, God knows, I appreciate the work of beauticians and hairdressers as much as the next woman, more work is needed to ensure that careers advice and work experience opportunities highlight the hugely diverse avenues that are open to women.

Jessica Lee (Erewash) (Con): I apologise for not being here earlier for the debate; I was detained in the main Chamber. Does my hon. Friend agree that we have an opportunity to advance the possibility of careers in science and engineering, and to show how attractive they can be for girls and how much opportunity there is?

Caroline Dinenage: That is absolutely correct. Raising aspiration for girls is about not only showing them opportunities but convincing them that those opportunities are within their reach. More than half the girls questioned eschewed science and engineering, because they believed that careers in them would be too difficult. From a very early age, our schools must convince girls of the simple truth that they are capable of achieving a great deal. One pioneering primary school in my constituency has launched a children's university, which runs every Friday. The children's university empowers kids as young as five to chose their own courses in subjects as diverse as microbiology, woodwork and Spanish. For a girl who has never seen a woman in her family go to university, or indeed even hold down a job, the impact is immense. The role that our schools play—through careers advice, the introduction of positive role models or innovative projects such as the children's university—is central to raising the confidence and aspiration of girls.

Finally, we must accept that promoting confidence in young women requires a holistic approach. Other Members have said that eating disorders, mental health issues and self-harming all greatly undermine what girls can, and believe they can, achieve. We need to encourage more joined-up thinking between schools, training providers, and other youth and health services, rather than just seeing academic failings in isolation. Nurturing confidence in young women will ultimately rest on seeing the whole person; it will involve seeing the lack of ambition they experience at home, the insecurities that are re-confirmed by their peers and the emotional challenges that young girls will always endure. Only then can we ensure that young women will reach the great heights that we know they are capable of in their chosen career.

3.18 pm

Tracey Crouch (Chatham and Aylesford) (Con): It is a pleasure to follow my hon. Friend the Member for Gosport (Caroline Dinenage) and other hon. Friends who have spoken thus far. I congratulate my hon. Friend the Member for Wirral West (Esther McVey) on securing the debate. I went to an all-girls school, and I look forward to going back shortly to do its prize-giving. I have a suspicion that confidence will be a key part of any speech I make, so this debate will be not only important but incredibly timely. For that, I thank my hon. Friend.

Everyone has approached the debate so far from completely different directions, which is interesting. The hon. Member for Vale of Clwyd (Chris Ruane) mentioned the importance of literacy and education, which is

telling when we look at other countries across the world that ban women from reading books because the regimes are frightened of the information and education that women can gain from them.

Chris Ruane: One quote, which I did not use before, is: "The less a woman has in her head, the easier she is to carry." What does the hon. Lady think of that?

Tracey Crouch: It is interesting how in the past certain comedians have mocked women's education, to try to belittle women. Some dictatorships have banned women from being educated, which makes the point.

In my short remarks I want to mention the importance of sport and physical activity in building girls' confidence. I am interested and active in sport, and am pleased to say I have just been appointed parliamentary ambassador to Us Girls, a lottery-funded project within 50 areas of high disadvantage, spread throughout England. It is tied in with the hugely successful StreetGames. I am also the manager of a girls football team in Chatham. I have been with the girls since they were nine and 10 years old, and now they are 13 and 14—the key age group we have been talking about this afternoon. They have gone from timid little girls to strong, confident and often cheeky teenagers. It has been very interesting to see them grow up, and I am proud to have played a small part in their lives thus far.

I am pleased to be involved in youth sport, not least because a quick search on the internet shows that there has been much scientific research into how sport can help to build confidence in girls. In addition, it has been proved that girls who do sports do better in school, because exercise improves learning, memory and concentration. It can also help to reduce stress and make people feel a lot happier, not just about their physical self but about their mental ability. What is fantastic about some of the recent initiatives to get youngsters—boys and girls—active in sport is the fact that there has been much more innovative thinking about the type of sport or physical activity that is offered. In my day—without meaning to sound as if I am 100 years old—the only opportunities for sport we had were netball and hockey in the winter and athletics and tennis in the summer. We were very lucky to have the playing fields so we could do those activities, but not everyone wanted to do competitive team or field sports. Now there is much more to do, ranging from dance and trampolining to Zumba, which is apparently the latest craze.

Kevin Brennan: Will the hon. Lady give way?

Chris Ruane: On Zumba? Kevin, please!

Kevin Brennan: I am not an expert on Zumba, I am afraid, so it was not on that matter.

The hon. Lady is making an interesting point about choice and diversity for girls in PE and games in school, and physical activities. In her role as an ambassador will she emphasise that to Ministers, too? An emphasis on competitive sports between schools is right, but for some girls the physical activities that will get them to participate, and increase their confidence, are not necessarily the traditional games she mentioned.

Tracey Crouch: I agree. Competitive sport is important as it builds team spirit and confidence in many different ways, but other sports build personal confidence. I am thinking of dance and the advent of "Strictly Come Dancing", which has inspired many more young people to get involved and interested in dance. We should try to maintain as much variety as possible in the range of sports available to young girls.

Esther McVey: That reminds me of Debbie Moore, the first lady to set up a public limited company. She did not like sport, but wanted physical exercise, team play, confidence building and to go before an audience, and dance was how she found those things. That is not sport, but the encouragement of other active pursuits.

Tracey Crouch: I completely agree with my hon. Friend, and have been careful not to talk just about sport, because physical activity is incredibly important.

Getting people involved in sport or physical activity is one thing; keeping them involved as they get older is a very different problem, and all clubs or organisations involved in providing sports opportunities are finding it difficult. In my field, football, girls drop out more as they get older. The Football Association and other organisations that are looking at sport for women are trying to deal with that. Interestingly, when girls start to drop out of sport their confidence often drops, partly because when they are participating they become more confident about their weight and body shape, so it follows that they get less confident if they drop out.

Access is one way of keeping girls involved, and that is a debate for another day, but confidence can be instilled by others, which is why media portrayal and positive role models are important factors. So far, every Member has mentioned those two elements. I hope that I am a positive role model for my girls football team and indeed for local schoolgirls, who may or may not be interested in politics, but see a female politician in the local area. There are only three female MPs in Kent, and I think it is important for me to go out to schools in my area. We have a few single-sex schools in Medway, and I visit them to show them that women locally can achieve.

I am merely one woman in their lives, and television and local newspapers are often shaping influences. The shape, size and style of women on our TV screens or in magazines is often commented on. I applauded loudly when in the current series of "The X Factor" talented but not stereotypically size 8 beauty-queen participants were put through to the later stages. From an early age girls see what happens, and they go from wanting to be the Disney Princess to wanting to be a slimline pop star. The irony is that often the bigger girls are better singers. What we do to encourage diversity of representation in the sector is important.

Chris Ruane: Will the hon. Lady congratulate Sami, from Rhyl, my home town, who, when pressured by the judges to lose weight, said, "No, I am happy the way I am"?

Tracey Crouch: The hon. Gentleman will be delighted to know it was Sami I was thinking of when I wrote those words earlier. I thought she was a fantastic singer

[Tracey Crouch]

and that it was an inspiration to everyone watching to see someone of a bigger size be talented, and have the confidence to go up on stage and sing well.

It is a shame we do not see as much coverage of female as of male sporting heroes on our televisions. I hope that that will be addressed during the Olympics next year, and that serious consideration will be given to how to achieve balance in broadcasts and writing. The lack of women on the shortlist for BBC sports personality of the year is in the news today. Some superb sportsmen are on the list, and I would not want any woman to be included on it for anything other than merit and excellence, but it might be easier for females to be considered if they had a higher profile in the coverage in the first place.

I am proud to have co-signed with the right hon. Member for Leigh (Andy Burnham), earlier in the year, a letter to Mark Thompson, director-general of the BBC, which helped to secure coverage of the women's football World cup quarter final on terrestrial TV. It was an important step forward in achieving wider interest in women's football, but it is now time we looked at how broadcasters cover women's sport in general. At the moment coverage is dominated by men's sport. I do not suggest it should be 50:50, but I would like a bit more coverage, especially at peak times.

We have some brilliant sportswomen at the moment, and I will quickly plug Kat Driscoll, from Chatham, who has just secured her place in team GB, for trampolining. I cannot think of anything more inspiring for girls from Chatham than to see someone who grew up in the same street or went to the same schools as they did representing their country. Girls who play sports learn to set goals and develop discipline. Often they learn about teamwork. Those skills are good not just for sports but for life. We heard earlier, from my hon. Friend the Member for Wirral West, that confidence is hard to define. However, participation in sport and physical activity develops friendships and relationships and a passion for something that can stay with people for life, building the strength of mind and body that perhaps encapsulates what confidence should be about. I hope that the legacy of the Olympics and future sporting events will be to identify female role models, inspire greater participation in various sports and, ultimately, build confidence in girls, which in turn will stand the next generation of women in good stead.

3.29 pm

Kevin Brennan (Cardiff West) (Lab): I congratulate the hon. Member for Wirral West (Esther McVey) on securing the debate. It has been excellent, ranging far and wide on the issue of confidence and in particular on the confidence of girls in education.

As someone with two older sisters and a teenage daughter, I am aware of the importance of the subject and, particularly as the father of a teenage daughter, of many of the issues that hon. Members have discussed in relation to the way in which girls grow up and develop, what happens to their confidence over that time and the impact of culture, the media, school, education and friends on confidence, self-image and self-awareness. In fact, I had a conversation with my daughter about this debate when I found out about it.

Chris Ruane: She wrote my hon. Friend's speech!

Kevin Brennan: She would be quite capable of doing so, having recently got through to the next stage of a debating competition with her school. Members may be interested to know, however, that she is not particularly interested in following me into politics—I think that she has higher ambitions than that.

The contribution of the hon. Member for Wirral West highlighted the work that she has done on the subject. I commend her for her work with girls to try to build their confidence and make sure that they have opportunities. She spoke about the National Youth Theatre project in which she is involved with her book and her work with Girlguiding UK, an excellent organisation with which I had many dealings as a Minister in the old Department for Children, Schools and Families. Girlguiding UK is a superb organisation that does great work with young women and girls, and it is also extremely progressive and forward looking. I commend some of its publications to hon. Members, if they have not had the chance to look at them and see the work that it is doing with young women. It is a modern organisation doing a great deal of good work, and the hon. Lady gave an extremely thoughtful and thoroughly researched speech on the subject.

The hon. Lady then talked about the English baccalaureate and the role that it might play in building confidence, but that is one point on which my opinion might differ from hers. The reason why I intervened on her on the matter of music—another hon. Member said that it is a subject that can give confidence to young people and to girls in particular—is that, when I asked the Minister of State, Department for Education, the hon. Member for Bognor Regis and Littlehampton (Mr Gibb), who has responsibility for schools, a question recently, I was unable to ascertain an answer from him about the survey to which the hon. Lady has referred as to what has happened to those subjects not included in the E-bac.

Esther McVey: The hon. Gentleman is making a good point—we have all said that music, drama and sport are vital in developing confidence—but my point was about the ability of a person to have confidence and choice in their career later in life, so that they have the skeleton of a very good, sound education that does not limit them later. That is what we found to be the case for so many girls who limited their choices and future avenues early on.

Kevin Brennan: That is a valid point. I completely accept that it is important that, when it comes to those crucial points in school when choices are made, young people and young girls in particular are aware of the choices that they are making and given good advice and mentoring about their consequences. My personal view is that the English baccalaureate does not serve that purpose particularly well and that it demonstrates that more young people are choosing the subjects that the Government want them to choose at a particular level. It is a self-fulfilling prophecy that that will happen when schools are told that that is how they will be measured. Inevitably, they will then change their timetables and resources in order for that to happen. My point is that that does not necessarily deal with the issue of having

the confidence to take those subjects in the first place. I am concerned that we still do not know, because the Government did not ask the question thoroughly in the survey, what impact that has had on the other subjects that are outwith the English baccalaureate, such as religious education and music and drama, both of which have been referred to as confidence-building subjects.

The hon. Lady was followed by the hon. Member for Hastings and Rye (Amber Rudd), who made some important points about confidence in relation to teenage pregnancy and the rates of teenage pregnancy in this country. She is absolutely right. Teenage pregnancy fell by about 13% during the period in which the previous Government were in office, but the figure is still far too high in this country. All hon. Members want to figure out the best way to tackle that, because it is far too high. There are sometimes differences of opinion on the best way to approach the matter in relation to sex and relationship education and other such issues, but I have no doubt that the hon. Lady is absolutely right that building girls' confidence and self-esteem is key to lowering that all-too-high statistic.

The hon. Lady also mentioned the issue of self-image, weight and obesity. I commend to hon. Members, if they have an opportunity to read it, the Foresight report, which was produced during the previous Government's time in office, although it is not a political report. It centres on obesity and was published about four years ago. It is a key document to understanding the subject and its importance, particularly in relation to some of the issues under discussion.

The contribution of my hon. Friend the Member for Vale of Clwyd (Chris Ruane) was also very thoughtful and well researched. He made the point, which I think all of us strongly recognise, about the confidence that young girls have at about the age of 10. I have always thought that if someone wants to find common sense on legs, they should talk to a 10-year-old girl and they will get the common-sense answer to any question on any subject. Something happens, however, during the course of secondary education, puberty and the teenage years, and, often, girls who were tremendously confident, articulate and able to speak up for themselves, and who had ambitious ideas about what they wanted to do for their future, become withdrawn all of a sudden.

I was a secondary school teacher for 10 years from the mid-'80s to the mid-'90s, teaching children between the ages of 11 and 18, and I saw that for myself when I observed their progress during that period. I was lucky enough to be a form tutor for one form group for seven years, so I saw the boys and girls who stayed for each of those years grow up during that time. It can be depressing to see what can happen to young girls in particular at the crucial age mentioned by my hon. Friend, although I did everything that I could as their teacher and form tutor to try to instil in them the kind of confidence that they should have had. My hon. Friend also mentioned the importance of networks and the frightening statistic that the only group in which smoking is increasing in the country is 15-year-old, white, working-class girls.

My hon. Friend was followed by the hon. Member for Gosport (Caroline Dinenage), who spoke with a great deal of passion and commitment about the importance of science and engineering, and about encouraging girls to take up those subjects and to have the confidence to do so. I listened recently, while driving, to Jocelyn Bell on Radio 4. She was, of course, denied the Nobel prize for science. Many people think that that would not have happened to a man if he had discovered the pulsar, but because she was a relatively junior scientist at the time she never got the recognition, through the Nobel prize, for her achievement. She still went on to be an extremely distinguished scientist, but her description of the sexism that she faced as a young scientist working in the scientific community was disturbing. That was back in the 1960s, which is quite a long time ago, but there remains a certain attitude towards girls and science that we need to make sure is overcome.

The hon. Lady was followed by the hon. Member for Chatham and Aylesford (Tracey Crouch), who spoke about the importance of sport and physical activities in instilling confidence in girls. When I was a Minister with responsibility for school sport, I was fortunate enough to work with Dame Kelly Holmes and Baroness Sue Campbell on this subject. The hon. Lady is absolutely right. I had the wonderful experience of witnessing my daughter's one and only brief experience on the hockey field at the age of 11, but then, somehow or other, she disengaged from sport and physical activity, so I think that the hon. Lady is absolutely right that we need to do more to encourage a wider range of activities for girls.

I want to mention one sporting heroine of mine, Nicole Cooke from south Wales, who won the gold medal for Great Britain in the cycling road race at Beijing. She won the world championship in the same year, which is something no other cyclist has ever achieved. If she were a man, I am sure that the recognition would have been absolutely enormous. It is a shame that there is not a female sports person on the sports personality of the year shortlist this year, as the hon. Lady has rightly said.

As I have said, I was a school teacher for 10 years until 1995 and became an MP in 2001. There is rightly a focus on standards and on the need for high achievement in the curriculum. However, I am absolutely convinced that we should not lose sight of some of the things that I fear might be regarded in some quarters of Government as the softer, wishy-washy liberal aspects of our discussion today. For example, one of the things that I was responsible for when I was a Minister was the social and emotional aspects of the learning programme in school. That dealt head-on with the problem that some children, particularly girls, were sometimes coming to school with a lot of baggage—emotional baggage rather than the bag in which they carried their school books—because of the nature of modern society, which some hon. Members have described today.

As my hon. Friend the Member for Vale of Clwyd has said, girls can come under pressure in the home, from the media or from the pace of modern life. As was mentioned earlier, the social and emotional aspects of learning programmes and subjects such as dance, drama and sport, or extra-curricular subjects such as debating, group work or the Duke of Edinburgh award can build self-esteem, confidence, resilience and the ability to take risks.

As the hon. Member for Wirral West has rightly said, those things are extremely important. I sometimes fear—it is entirely possible that when we were in government, we gave this message as well—that, in our desire rightly to say, "We want to raise standards. We want academic standards to improve. We want this to be the country

[Kevin Brennan]

that is the best place to go to school in the world and that has the highest academic achievements," we lose sight of the importance of some of the social and emotional aspects of learning. Such subjects actually promote better academic achievement. Anyone who has worked in education will know that children who are well-balanced, well-rounded and emotionally stable will do better in the classroom.

Chris Ruane *rose—*

Kevin Brennan: I will give way briefly before I finish.

Mrs Anne Main (in the Chair): Order. I am sure that the Minister would like to have a few minutes to respond to this important debate.

Chris Ruane: I do not give credit to the Prime Minister for many things, but he is introducing the index of well-being, which is being dealt with by the Office for National Statistics. Will my hon. Friend pay tribute to the work that is being done by the Government to measure well-being as well as academic standards?

Kevin Brennan: It is important to measure well-being, because welfare in the economic sense is not entirely related to the level of gross domestic product. There is nothing particularly new in that concept, but it is important to have a measure of well-being. It is also important for there to be such a measure in schools. That is the point I am making. If we are going to have such a measure for society as a whole, let us make sure we have it for schools, too.

Many books have been mentioned today. Hon. Members may have read the interesting book, "Grit: the skills for success and how they are grown", by Yvonne Roberts, which talks about how to build social intelligence, emotional resilience, enterprise and discipline skills in girls and the importance of social and emotional intelligence. It also mentions how crucial reinforcement, mentoring and building resilience are. Some of the work done on that in schools by organisations such as the Young Foundation is extremely valuable and important.

Today's debate has been extremely informative and of a very high standard. The subject is probably not highly politically controversial, but it has provided a useful opportunity to explore what the Government are doing to try to instil greater confidence among young women and girls in our schools and colleges.

3.44 pm

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): As the shadow Minister, the hon. Member for Cardiff West (Kevin Brennan), has said, this has been an interesting and important debate, and I congratulate my hon. Friend the Member for Wirral West (Esther McVey) on securing it.

I do not have daughters; I have two young sons. However, women have been very important to me throughout my life. My mother was a woman and, curiously, my wife is, too. Therefore, what I learned literally from the cradle is that women—mothers—shape our character and form our ambitions. We gain the confidence that has been described by so many of the speakers in this debate—it was highlighted by my hon. Friends the Members for Hastings and Rye (Amber Rudd), for Chatham and Aylesford (Tracey Crouch), for Gosport (Caroline Dinenage) and, indeed, by the hon. Member for Vale of Clwyd (Chris Ruane)—very early in our lives. Governments, schools and others can do much—I will talk a bit about what we are trying to do—but, in the end, the familiar influences, particularly maternal influences, are critical to subsequent progress.

I learned from my mother and my father, who were both wonderfully archetypically male and female. I think of my mother and I think of her softness and the smell of talcum powder; I think of my father and I think of how bristly he was and how he smelled of tobacco and work. They were certainly both archetypically male and female and were both wonderfully demonstrative and loving. They gave me the feeling that I was the most special little boy in the world—a feeling that has never left me, by the way. I feel that now, at this very moment, so my ambitions were reinforced by not only their direct support but the sentiments that they instilled in me.

I entirely appreciate the points that have been repeatedly made in this debate. As the shadow Minister has said, they have been made on the basis of good information and a shared determination across the Chamber. I entirely recognise that the challenges people face as they turn their own ambitions into reality are affected by many influences. In the short time left, I will try to deal with some of those influences, some of which are benevolent and some of which are malevolent, as the hon. Member for Vale of Clwyd said.

The hon. Gentleman made a wonderful contribution that underpinned the fact that this debate is as much about values and attitudes as it is about education. I reassure the shadow Minister that we understand—at least, I understand—that education is more than utilitarian. It is about values and attitudes, and ethos and sentiments. Although the work done by parents in instilling both ambition and the capacity to realise ambition in children is critical, the work done by our schools matters so much, too. Indeed, it matters more for those children who are not as fortunate as I was in having a stable, loving and supportive family.

In respect of girls and women, we need to go the extra mile. We need to take further steps to ensure that they are able to fulfil their potential. In the brief time available, I will talk about some of the steps that the Government are taking, but before I do so I will just say a word about Plato because I know that hon. Members would be disappointed if I did not. Some 2,500 years ago, Plato said:

> "Nothing could be more absurd than the practice that prevails in our country of men and women not following the same pursuits with all their strengths and with one mind, for thus, the state instead of being whole is reduced to half."

How interesting that the classical world understood what so often in the modern world we forget.

My hon. Friend the Member for Wirral West, who initiated the debate, has not forgotten because she has dedicated a great deal of her considerable skill and energy to the promotion of the interests of young women. I pay tribute to the work she has done. I was pleased to be able to support it in a room close to here, when she was able to launch her magazine, *Chloe Can*, which is aimed at young women. She was able to articulate some of the points that she has made today at greater

length then. The work we do to establish role models in these terms is important, and my hon. Friend is indeed a role model for young women whose interests she has championed with such vehemence and to such effect.

We have learned much—I defer to the two former teachers who have spoken—about what characterises good schools in this respect. Schools with little or no gender gap in achievement tend to be characterised by a positive learning ethos—we have heard about that today, have we not?—high expectations of all pupils, high quality teaching and learning, good management and close tracking of individual pupil's achievement. Teachers know all their pupils well and plan their resources and teaching accordingly, rather than conforming to preconceived views about what those pupils might achieve, whether that relates to gender or any other particular characteristic.

We can do three things in particular to support teachers in their efforts to fuel social mobility and achievement. The first concerns advice and guidance. It is very important that young people get the right quality advice and guidance. In truth, one of the principal inhibitors to social mobility is this: I suspect that our children will become socially mobile because of us. Our children will benefit from the fact that we, in the Chamber, are reasonably well informed about the opportunities that might exist, be they boys or girls, and will impart an understanding of how to turn those ambitions into opportunity. That is not true for all young people, however. The advice and guidance that we can provide through the new national careers service will, to some extent, ameliorate the disadvantages of many young people who do not have either advice from a family or social networks.

Kevin Brennan: Is the Minister concerned, in the light of the debate, that the lack of face-to-face guidance in the careers service will be a hindrance to girls gaining confidence and being able to make the right choices?

Mr Hayes: It is important to appreciate the value of face-to-face guidance. The hon. Gentleman will know that the Education Bill establishes the new statutory duty on schools to secure independent, impartial advice and guidance. When it was debated in the House, we agreed, in the statutory guidance accompanying the Bill, to ensure that face-to-face guidance was available in particular to people with the greatest disadvantage, those special needs and learning difficulties. We also said that schools should make the most appropriate provision for their pupils. I emphasise that it is vital that that should include a range of provision, and that that provision should be linked to the quality standards that are being developed by the profession itself.

As well as changing the law, we have worked with the careers profession to establish a new set of qualifications, with appropriate training and accreditation. That means that we will re-professionalise the careers service after the disappointing years—I put that as mildly as I can—of Connexions. We are on the cusp of a new dawn for careers advice and guidance, with a professionalised service, a new set of standards, a new statutory duty and the launch of the national service co-located in Jobcentre Plus, colleges, community organisations, charities and voluntary organisations. I do not say that the task will be straightforward, but it is a worthwhile journey. The destination to which we are heading will be altogether better than the place we have been for the past several years. That advice and guidance will assist young women, in particular, to fulfil their potential in the way I have described and, as a result of this debate, will re-emphasise the significance of opportunities for girls and young women in the establishment of the national careers service this spring.

The second issue I wanted to speak about was apprenticeships. I made a point—the hon. Member for Cardiff West knows this subject well too—when I became the Minister of challenging the National Apprenticeship Service on the under-representation of particular groups. The obvious example in relation to this debate is women in some of what might be called the traditional apprenticeship frameworks: engineering, construction and so on.

Esther McVey: I conducted some surveys and analysis on that, which was very interesting. For young girls who took science apprenticeships, it fitted in far better with their family life because they could achieve a job and status far more quickly than the slow process of going through university. It fitted in much better with the cycle of a woman's life and child-bearing age.

Mr Hayes: How interesting. I defer to the greater expertise of my hon. Friend, but what I have done is ask the National Apprenticeship Service to run a series of pilots, building competencies and understanding on how we can make the apprenticeship system more accessible to those who are currently poorly represented. That is not to say that women are poorly represented in apprenticeships per se. More than half of all apprenticeships are taken up by women, but they tend to be in areas such as care and retail. The effect of that, because of the wage rates in those sectors, is to exaggerate the difference in wage-earning potential among successful apprenticeships between men and women. I have asked the NAS to work on a series of pilots. Bradford college is prioritising action to increase female representation in the energy sector. Essex county council is focused on women in engineering and on acting as the prime contractor for a regional provider network. West Notts college, whose representatives I met recently, is also looking at increasing female representation in engineering. There are a number of others, but I want to give the Chamber merely a flavour of what we are trying to do.

The third issue I wanted to speak about is women and science, technology, engineering and maths. Basically, not enough girls study STEM after the age of 16, as has been mentioned a number of times, including by my hon. Friend the Member for Gosport. There are several things that we can do. The Department for Education has worked closely with the Institute of Physics. Its stimulating physics network incorporates many of the recommendations of the Girls into Physics report, which the hon. Lady will know about. The STEM ambassador scheme, co-ordinated by STEMNET, is arranging for working scientists and engineers to visit schools to support teachers, and engage and enthuse pupils to continue studying science. The hon. Lady will know that a large proportion of the STEM ambassadors are women. We want to focus that energy on what we can do to encourage more girls to study STEM subjects. By making different choices early, they cut off some of the

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routes that might be available to them later. So much of this is about early intervention and changing perceptions about what choices can be taken to facilitate subsequent progress. I will happily give way before I come on to my exciting conclusion.

Esther McVey: Will the Minister congratulate the new president of the Royal Society of Chemistry? For the first time in 300 years, it has a female president. In the next year, she will try to increase the number of female teachers becoming ambassadors and the number of girls taking chemistry.

Mr Hayes: I not only add my voice to that congratulation, I suggest that we invite her here to a tea party with the hon. Lady and myself, which, needless to say, she will be funding.

This debate has brought to the attention of the House the important subject of opportunities for girls and women. I do not take the orthodox view, by the way, that men and women are more alike than is often supposed. I think that they are rather less alike—my life has taught me that. However, that does not mean that the opportunities available to them should not be just as demanding, just as exciting and just as exhilarating. We should work tirelessly to create those opportunities in the way that my hon. Friend the Member for Wirral West has done for so long, beyond old frontiers to new horizons.

I learned at my mother's knee first, and I learn from my wife every day, as Yeats said:

"That Solomon grew wise
While talking with his queens".

In that spirit, I assure the Chamber, and all those who have contributed to this important debate, that the Government will go the further mile that I described at the outset to achieve the ambitions of my hon. Friend, which reflect the ambitions of so many girls and young women.

Park Homes

4 pm

Caroline Nokes (Romsey and Southampton North) (Con): It is always a pleasure to serve under your chairmanship, Mrs Main.

As a new Member of Parliament in 2010, I did not expect park homes to feature large on my radar. I freely admit that I did not know a great deal about them and that, although I knew that a significant number of park homes were dotted around my constituency, there are more than 200 spread over seven sites. To some colleagues, especially those from the south-west, that will seem a tiny number, but in Romsey and Southampton North it represents a significant and at times vulnerable minority.

I pay particular tribute to my constituent, Tim Deacon, a member of the park homes residents association, who has made it his mission over the past 18 months to inform me of the issues facing park home residents. He has endeavoured to educate me and, along with many of his fellow residents—in particular, with another whom I will mention later—he has highlighted their issues and encouraged me to apply for the debate.

I am conscious of the fact that the subject affects a lot of hon. Members, many of whom will have far greater expertise than I do. I congratulate the mobile homes all-party parliamentary group on its hard work in drawing attention to the issue and on seeking resolutions to the problems of park home owners. I am also aware that this is only a 30-minute debate, which is a disappointment to some and will not allow all of those Members who have an interest to take part.

Many owners of park home sites are fair and upright, especially the deputy leader of my local authority in Test valley, who owns a site in Ampfield. Unfortunately, however, others are not.

Steve Brine (Winchester) (Con): I congratulate my hon. Friend on securing the debate. There are many good park home owners throughout the country, including in my constituency. Does she agree that they have nothing to fear from a fit and proper person test?

Caroline Nokes: I entirely concur with my hon. Friend: good park home site owners have absolutely nothing to fear from a fit and proper person test. I certainly did not wish to criticise those who treat their residents fairly and with respect; it is the others on whom I wish to focus and about whom something needs to be done.

Last November's mass lobby of Parliament brought several of my constituents to Westminster and they outlined in detail their prime concern—that they could not sell their homes freely, without the consent of the park owner.

Jack Lopresti (Filton and Bradley Stoke) (Con): I congratulate my hon. Friend on securing the debate. Before she continues with specific details, will she agree that the unscrupulous practice of park owners vetoing sales so that they can, in effect, buy the properties at a knock-down rate and sell them on, while getting a commission of up to 10% on top, ought to be stamped out in any way possible?

Caroline Nokes: That is exactly what I was about to come to—namely, park home owners not being able to sell their homes without the consent of the park owner. In the intervening 12 months there has been progress, not least by the all-party parliamentary group and, earlier this month, when the hon. Member for Mid Dorset and North Poole (Annette Brooke) asked the Prime Minister an important question about the actions of unscrupulous park owners. However, I and many of the hon. Members present at the debate today believe that action must be not only robust but swift. Many park home owners are elderly, and they fear that they are running out of time.

I am extremely impressed by the phenomenal work of Sonia McColl, the leader of the Park Home Owners Justice Campaign, who has campaigned tirelessly for the rights of park home owners and worked unceasingly to collect and collate the national statistics on park homes, which the campaign presented to the Prime Minister in October. The statistics are sobering: 63% of residents reported living under unacceptable conditions, with 48% living under the regime of an unscrupulous park owner.

Brandon Lewis (Great Yarmouth) (Con): Does my hon. Friend agree, as my hon. Friend the Member for Winchester (Steve Brine) has already said, that there are a number of good park owners, such as in Great Yarmouth? An important feature of the problem is that the bad park owners give the entire industry a bad reputation, while negatively affecting the good park owners who deserve the credibility that they should have for providing a good environment in which people live.

Caroline Nokes: My hon. Friend makes an important point. The good park home site owners are unfairly gaining a poor reputation because of their less scrupulous counterparts, many of whom are reported to be not only dishonest in their dealings with park home owners but aggressive and abusive. It is sad that only a third of residents felt that their park owner was good. That clearly needs to change.

Jim Shannon (Strangford) (DUP): I represent an area containing a significant number of park home owners, with some 300 in one location. They are a very active group, with an active residents association, and have worked with elected representatives to help effect legislative change in Northern Ireland. Is the hon. Lady aware of that and, if not, perhaps the Minister will examine and investigate it to help in today's study of the subject?

Caroline Nokes: I thank the hon. Gentleman for his comments. One of our problems is the lack of a level playing field or of consistency in the different parts of the UK, which can lead to a measure of resentment when some residents see other parts of the UK treated differently from them.

Dr Sarah Wollaston (Totnes) (Con): Was my hon. Friend struck at the meeting of the all-party group by the relatively small number of names cropping up all over the country? The thickest file in my constituency filing cabinet is that for Beechdown Park, with its unresolved problems of water leaks and water meters. An owner has not only failed to deal with the leaks but collected money by holding people to ransom—holding up the sale of their properties unless they hand over money. We discovered that he has not passed any of the money to South West Water and has run up colossal bills. My constituents' appliances have not been working, thanks to Mr Small, which I am sure is a familiar name.

Caroline Nokes: As I said, I attended the mass rally last November and listened to many of the stories from around the country, and my hon. Friend is absolutely right that the same small number of names occur time and again at various locations—always, sadly, involving the same story and modus operandi.

Time is pressing and the issue is not new, although I am new to it. Media reports can be found going back 20 or 30 years, commenting on the difficulties of park home residents when selling their properties or gaining reasonable access to services without being charged over the odds for them. The single biggest issue, however, is the blocking of sales by site owners. If park owners refuse to approve a sale, the home owner is left in an almost impossible position. There are reports of owners of properties worth £100,000 having to sell to the park owner for as little as £5,000 as all other sales have been blocked. The home owner currently has recourse to a residential property tribunal but that not only costs the owner about £150 but has limited powers of enforcement and places no binding conditions on the park owner. The situation is being addressed by the Government, and I am eager to hear what assurance the Minister can give that it is subject to a rigorous timetable.

Nicky Morgan (Loughborough) (Con): I congratulate my hon. Friend on securing the debate. I am interested to hear what the timetable is from the Minister. The problem has been going on for a number of years, as my hon. Friend said, and has been raised a great deal since the 2010 election. We have waited some time now to hear what the Government are proposing for a licensing regime. We understand the Government's reluctance to legislate on everything, but it is unacceptable that vulnerable residents, often in park homes, are left less protected than people in registered social landlord accommodation or in other social housing. Does she agree?

Caroline Nokes: I certainly agree with my hon. Friend's comments. It is not right that park home residents are left more vulnerable and exposed than those in many other types of property tenure. It is important not to forget that park homes can provide an important element of reasonably priced accommodation—I will not refer to affordable housing, using the technical term that we all understand from various connections with our local authorities, but to less expensive housing. Such housing is almost inevitably a choice for some of the most vulnerable people in our society, including the elderly, those who want to downsize, and those who find housing in other parts of our constituencies too expensive.

A further injustice facing park home owners is that of landlords imposing administrative charges for the supply of services such as water and sewerage. Those charges should be reasonable and not out of the ordinary for residents, but many find they are charged fees that are well over the odds, in addition to site owners taking advantage of a monopoly in supplying canisters of liquefied petroleum gas for heating and cooking. Some

[Caroline Nokes]

residents were subjected to dreadful intimidation and harassment when they challenged the prices, and had no choice but to pay up to heat their homes.

I have heard many horror stories of unscrupulous park owners overcharging for basic services. Some major LPG providers do very good deals with park owners and provide the canisters at a significantly cheaper cost than for those living in bricks and mortar houses. However, dishonest landlords often use that loophole to charge park home residents exorbitant sums to heat their homes. Residents are at liberty to buy gas canisters elsewhere without the risk of being overcharged, but the recurring theme is that many of them are elderly and more vulnerable, so they are less able to travel and to haul the heavy canisters into their car, if they have one, let alone to offload them at the other end and to install them safely.

One of my constituents, who sadly has specifically asked not to be named, contacted me to explain that he is fully reliant on purchasing gas canisters from his landlord at a significant mark-up. He thinks his lack of mobility and his vulnerability are being exploited so that the site owner can make a profit. Needless to say, he feels cheated, but helpless to do anything about it.

Consumer law provides protection for park home residents, and I encourage them to refer such incidents to Consumer Direct, which will invariably take them up with trading standards officers on their behalf, and ensure that they are reported. However, yet again, vulnerable and elderly residents need to know that they can go to Consumer Direct and have the case taken up on their behalf.

Annette Brooke (Mid Dorset and North Poole) (LD): I congratulate my hon. Friend, who is making the case exceedingly well. The mainly elderly, vulnerable residents are often terrified of reporting some of the incidents that happen. More and more evidence, beyond anecdotal, is emerging, but I suggest that it is still the tip of the iceberg. Consumer Focus is doing a survey, and I believe that it will provide the Government with the ammunition to introduce strong legislation as soon as possible. Will my hon. Friend join me in urging the Minister to take back that message today? We must have not only proposals but time for legislation.

Caroline Nokes: My hon. Friend makes an excellent point, and she is right. We must have legislation, and we must have it soon. During a conversation with Consumer Direct earlier today, it told me that it is making progress in taking on cases. As my hon. Friend said, the problem is not just anecdotal because there is now evidence. It is crucial that we have time to legislate so that these poor, vulnerable residents receive the action and outcome that they have sought for so many years.

Guto Bebb (Aberconwy) (Con): I congratulate my hon. Friend on securing this debate. Park home residents are also dealt a harsh hand by park owners in their electricity supply. An electricity supply in my constituency breaches the Electricity Safety, Quality and Continuity Regulations 2002, but the problem is that compliance rests with the Department for Energy and Climate Change, whereas the safety issues rest with the health and safety boards. A further complication in the Welsh context is that other aspects of park homes legislation are devolved to the Welsh Assembly, making it difficult for residents to know who to go to with their complaints.

Caroline Nokes: My hon. Friend makes a good point. There is complexity in knowing who residents should go to with their complaints. There is no consistency throughout the United Kingdom, and that is what people are calling for.

My constituent, Tim Deacon, like many other park home residents, has been party to establishing a park home residents association. Such groups must meet several requirements to qualify as a residents association, the last of which is to obtain the park owner's acknowledgement. Even when park home residents have completed all the required steps, park owners may refuse to acknowledge a residents association and thereby deprive the residents of the rights that becoming an association provides. A last resort is recourse to the county court, but many residents are scared or do not have the will, the energy or the know-how to do that.

In an era of localism, when the Government are seeking to disseminate power downwards, I hope that they will look favourably on the growth of residents associations on park home sites. Such associations can seek to resolve issues locally without having to turn to the courts. However, the situation at the moment leaves too much power in park owners' hands, limiting accountability and the community's ability to exert sufficient pressure on their landlord.

Statistics published by the Park Home Owners Justice Campaign show that the majority of park home owners are in their 70s or older. It is clear that unscrupulous park owners are taking advantage of elderly and vulnerable people, many of whom in my constituency live on their own. I thought it would be interesting to see exactly how many of the 200-plus park homes in my constituency are occupied by single people, and it transpires that it is the vast majority of them. The electoral roll shows that 250 residents in 212 park homes are registered to vote. That clearly shows that those people are mainly not living as couples or families. Sadly, in many cases, they are living alone, and my argument is that that increases their vulnerability, and susceptibility to feeling intimidated by unscrupulous park owners. It is vital that the Government establish robust measures to protect residents because current legislation is clearly failing them.

I would be grateful to hear the Minister's comments on how his Department is addressing the problem of sale blocking—a prime concern of park home residents in my constituency—and preventing unscrupulous park owners from wielding disproportionate power over this part of the property market. That would be unacceptable in an ordinary residential community. I would welcome steps being taken urgently to prevent overcharging for basic services such as electricity and water.

My hon. Friend the Member for Aberconwy (Guto Bebb) made a valid point about different parts of the electricity market having responsibility for safety, and it is truly terrifying that some park home residents may be receiving an electricity supply that is less safe than we would want. It is important for the establishment of residents associations to be made as simple as possible, and to ensure that they receive proper recognition. I welcome the Department's consultation on this important

issue, and hope that the timetable for action is suitably short. As I have said, many park home residents are elderly and feel that they have been waiting far too long.

I fully acknowledge that there are many honest and excellent park owners, and I emphasise that, as my hon. Friend said, those who are not acting responsibly are giving the others a bad name. It is wrong that all should be tarred with the same brush. But some people live in parks where that is not the situation and where an unscrupulous landlord seeks to exploit the vulnerability of park home residents, to take a percentage of the proceeds of any sale, or to block a sale. Those people deserve greater rights, and a future free from exploitation and abuse from dishonest landlords. I hope that the Minister will outline at least a partial timetable to assure us that any proposed legislation will be forthcoming as soon as possible, and that he will tell us what action the Government are taking. I know that they are taking action, but it is important to understand it clearly so that we can give our constituents some reassurance.

4.19 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): It is a pleasure to serve under your chairmanship, Mrs Main. I congratulate my hon. Friend the Member for Romsey and Southampton North (Caroline Nokes) on bringing this important subject to the attention of the House this afternoon, and I commend the many Members who have contributed to the debate. I hope that it is not out of place if I mention that my hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke) has played an active part in the all-party group and has met my right hon. Friend the Minister for Housing and Local Government to talk about these matters.

I absolutely agree with my hon. Friend the Member for Romsey and Southampton North that a park home is an affordable choice for many people. She described it as less expensive housing, which is how estate agents describe it. It is an economical and very successful choice for many people, and there are 85,000 such households in England. Fortunately, only a minority of households and site owners give rise to the anxieties that we have heard about today. Many sites are properly managed and maintained, and decent, honest and professional site owners deliver a good service for people on their sites. Unfortunately, the good work is masked by the unacceptable conduct of others. If one reads the debates held in this House, one would get the impression that this form of tenure and these sites are collectively completely unacceptable. I do not think that it is right for us to leave that impression unchallenged.

Rogue site owners certainly cause misery to communities by not maintaining their sites properly. We have heard reports about the bullying of residents and unreasonable and sometimes unlawful interference when residents try to exercise their statutory rights, and we have heard about problems when residents want to sell their homes. The park homes sector needs to be cleaned up. There is no place for such behaviour. It is not right for the sector or the residents, and it is certainly not right for a minority of site owners to exploit the situation that they find themselves in. The Government share the concerns that have been reflected in previous debates and in the work of the all-party group.

Sale blocking, to which several Members have referred, leads to the unjust enrichment of site owners. That is not an acceptable practice, and the Government are committed to eradicating it. We propose to introduce sanctions for those who continue, without good reason, to try to prevent residents from selling their homes in the open market to people who meet the appropriate rules. That is why my right hon. Friend the Minister for Housing and Local Government proposes to consult on a range of measures that will prevent such practice. We are also committed to improving residents' rights more generally and to closing loopholes in the legislation that allow unscrupulous site owners to exploit residents or deny them their rights.

We are also determined that local authorities should be adequately resourced and have appropriate powers to allow them to protect the health and safety of residents through robust and enforceable site licensing.

Steve Brine: While the Minister is on his list of things that he is determined to make happen, may I make a plea that he works with his colleagues in the Department of Energy and Climate Change? Now that we have established that the green deal is applicable to park home owners, will he work with his colleagues in DECC to make sure that park home owners—and indeed many other home owners—many of whom are trapped in fuel poverty, are aware of the green deal and are in a position to take advantage of it? It could revolutionise their fuel poverty.

Andrew Stunell: I will certainly undertake to write to my hon. Friend and other Members when I have had the opportunity to discuss the matter with my colleagues in DECC. Members will be aware that the Energy Act 2011 has now passed into law and the green deal is due to start next autumn. Some of the necessary statutory instruments to support that are currently under consideration. My right hon. Friend the Minister for Housing and Local Government will be publishing the consultation early in the new year. I hope that it will provide a timetable and framework for the debate. Following that, we will bring forward the necessary legislative measures at the earliest opportunity.

On the calls for a fit and proper test for site owners, the Government are not convinced that the protection of park home residents requires a complex and costly national licensing system. We have to strike a careful balance that protects the vulnerable and targets the worst in the most effective way. That is what our consultation seeks to achieve, and I look forward to Members' responses when that consultation is published.

We have already begun the process of enabling residents to enforce their rights and to challenge unreasonable behaviour through the residential property tribunal. Since it started dealing with park home issues in May, it has received 31 applications up to the end of October and it has determined 13 of them. Not everyone will be satisfied with the outcomes of those cases, because in judicial proceedings there will always be a winner and a loser. However, the number of applications shows that residents have been empowered to challenge unreasonableness on the part of site owners, something that few were prepared to do previously through the regular courts. I am certainly not suggesting that

[Andrew Stunell]

the residential property tribunal is the solution to all the disputes, but it is a first positive step, and, I hope, an earnest of our good intentions.

Several Members have raised the issue of service charges for gas, electricity, water and sewerage. It is important to put on the record that existing rules already strongly limit the powers of site owners to impose unreasonable charges. They are not allowed to charge an illegal rate of VAT or to control the service supply. I want to make it clear that if site owners provide services, they will be entitled to recover the cost from residents under the agreement. Sometimes that cost will be recoverable only through the pitch fee. In that case, any charges will be limited to the retail prices index at the next rent review, regardless of the actual charges that the site owner has incurred. For that reason, pitch agreements will often contain a provision permitting the site owner to levy a separate charge for the provision of services. It is important for Members to be aware that the charges are governed by orders made by Ofwat and Ofgem respectively. Under the rules, a site owner cannot charge residents more than the cost he incurs in purchasing water, electricity or gas from the supplier.

In some cases, the site owner can charge a reasonable administration charge. How that recharge is calculated and apportioned between the homes has to be fair and transparent, and residents are entitled to see the bills on which the recharge is based. It is also important to be aware that the site owner can recharge only for the supply to the home and the pitch and cannot include any amount relating to his own supply—for instance, for street lighting or heating of offices or communal buildings. VAT is payable by the home owner at the 5% domestic rate for electricity and gas, not the 20% business rate, even if the supply to the site owner is commercially rated. Water, of course, is zero-rated.

If a resident believes that they have been overcharged for the resale of the services, they can recover the charges in the small claims court. Administration charges on top of the actual cost of energy are also strictly limited. In the case of water, administration charges cannot exceed 1.5p per day for non-metered supplies and 2.5p per day for a metered supply. That effectively means that £5 or £10 per year is the maximum administration charge. I hope that all those measures give some comfort to Members that home owners have some protection. Our next step following the consultation will be to bring forward, when parliamentary time allows, the legislative measures needed to tackle the abuses that have been so eloquently set out today.

HIV

4.30 pm

Pamela Nash (Airdrie and Shotts) (Lab): I am grateful to have secured this debate during the week in which world AIDS day is marked. The HIV virus was discovered 30 years ago, since when it has claimed the lives of more than 30 million people throughout the world, including 20,000 in the UK. Over the past 20 years, we have seen remarkable progress in the medication available to people living with HIV, including today's welcome approval of a drug that will provide triple antiretroviral therapy in a single tablet taken once a day. That does not, however, diminish the fact that there is still no vaccine or cure for HIV, and more efforts must be made to prevent the transmission of the virus.

Let me take this opportunity to pay tribute to my predecessor as chair of the all-party group on HIV and AIDS, the late David Cairns. One year ago in this Chamber, he spoke on this topic with eloquence and passion, and he consistently spoke out against the stigma and discrimination faced by people living with HIV both in the UK and overseas. I am glad that his work continues in the all-party group and through the David Cairns Foundation set up in his name, which was launched last week.

The House of Lords Committee on HIV and AIDS, led by the vice-chair of the all-party group and former Health Minister, Lord Fowler, recently published a report on HIV in the UK. Lord Fowler has done much to champion the cause over his long and distinguished career, and I believe that many owe their lives to the work he carried out as HIV began to take hold in the United Kingdom. The needle exchange programme that he introduced is a good example of that work, and it changed the course of the epidemic, particularly in Edinburgh and the rest of Scotland. In September this year, the Committee concluded that the Government's current policies on tackling HIV in the UK are "woefully inadequate." I will focus on some of the report's recommendations, and I look forward to the Minister setting out the Government's response to that report.

I will start with some startling headline figures. Some 30 years after the virus was discovered, almost 100,000 people in the UK live with HIV. Newly diagnosed cases of HIV among young people have risen by 48% over the past decade, and it is estimated that about a quarter of those living with HIV in the UK do not know that they have the virus. Half of all cases of HIV in the UK are diagnosed late, meaning a greater cost to public health and the public purse. HIV is spreading for many reasons, but principally because of high levels of undiagnosed HIV, too few people with HIV receiving stable treatment, persistent risk-taking behaviour, and a lack of HIV awareness. That is set against a dangerous backdrop of inconsistent sex and relationships education in our schools and beyond.

Early diagnosis of HIV for one person can obviously translate into prevention of the disease for their future sexual partners. People diagnosed with HIV are far less likely to pass the virus to others, as they can take steps to prevent transmission such as using a condom. Once diagnosed, people can receive HIV treatment that dramatically reduces levels of the virus in the body, so that the risk of transmission can be reduced to almost

zero. This year I was surprised by the results of a remarkable clinical trial in South Africa that proved that putting people on medication for HIV can reduce the risk of transmission by an enormous 96%. That has extraordinary ramifications for efforts to tackle the HIV epidemic around the world and makes the need for the early diagnosis of HIV all the more pressing.

It is estimated that 51% of all people with HIV in the UK have undetectable levels of the virus. That is great news, although the UK should aim to increase that percentage to at least 65% over the next four years.

Mike Weatherley (Hove) (Con): I congratulate the hon. Lady on securing this important debate. Does she agree with the recent remarks made by the US Secretary of State, Hillary Clinton, who said that an "AIDS-free generation" should be a policy priority for all Governments, including that of the UK?

Pamela Nash: I completely agree with the Secretary of State's remarks. I raised the issue during Deputy Prime Minister's questions last week. I hope that the coalition will take that aim on board and that it will be raised by the Prime Minister. The all-party group on HIV and AIDS is a member of the "Halve It" coalition that campaigns for levels of late-diagnosed and undiagnosed HIV to be halved in five years through more testing. That will help to stop the spread of HIV, improve health outcomes for those living with the virus, and in the long term save the Government money.

Patients and doctors have a large role to play. A study of people of sub-Saharan African origin in the UK who were diagnosed late with HIV found that three quarters had visited a doctor in the year preceding their diagnosis. Doctors and patients must be more aware of the primary infection symptoms of HIV. Incentivising HIV testing, particularly in areas with a high prevalence of HIV, is vital to ensure that people are diagnosed in time. One powerful incentive would be to ensure the inclusion of the late HIV diagnosis indicator in the Government's revised public health outcomes framework. We have heard several times that a decision on that will be made later in the year. Will the Minister assure hon. Members that that indicator will be included, or at least say when the Department will reach a final decision?

As I understand it, the Department is investigating the possibility of legalising home-testing kits. I look forward to the outcome of that investigation. It is clear from the House of Lords report that home-testing kits ordered from overseas, usually over the internet, are already in use in the UK. If legalised, that practice could be regulated and allow people to test themselves securely and safely in their own home, again producing savings for public health and the public purse.

How else can we prevent the transmission of the HIV virus? The House of Lords report stated:

> "More resources must be provided at national and local levels... The current levels of investment in national HIV prevention programmes are insufficient to provide the level of intervention required."

Hon. Members may be surprised to learn that the Department of Health currently spends just £2.9 million a year on two national HIV prevention programmes for gay men and black Africans. That compares with an enormous £762 million spent on treatment. Preventing one infection avoids lifetime treatment costs for HIV of between £280,000 and £360,000, but as local service cuts kick in throughout the country, HIV prevention programmes are being reduced.

Under the new NHS structure, local HIV prevention work, campaigns and testing will be commissioned by local authorities, leading—we hope—to additional national campaigns, but I am concerned about the possible fragmentation and subsequent prioritisation of prevention work between HIV treatment that is commissioned nationally by the commissioning board, prevention and testing work commissioned by local authorities, and national campaigns overseen by Public Health England. Within local authorities, HIV prevention work is likely to face strong competition for funding within constrained budgets. A fragmented health care system will not deliver the results that we desperately need, or enable us to make headway against the rising tide of new HIV infections. We do not want a postcode lottery, or for sexual health services to be sidelined because of local sensitivities.

Guto Bebb (Aberconwy) (Con): I congratulate the hon. Lady on securing the debate. In my north Wales constituency there is an HIV respite centre, which is extremely well supported by the local community. The problem that the centre has is that many of the people who take advantage of the respite care are coming in from north-west England and are therefore not funded by the local health authority in Wales—health is devolved. A centre that is able to serve people from north-west England therefore finds it very difficult to secure funding, because it is based in Wales, but its patients are from England. Is that the type of postcode lottery problem that the all-party group could deal with?

Pamela Nash: We can certainly campaign on the matter. I will be happy to discuss that with the hon. Gentleman outside the Chamber. He makes a very important point: this issue is not just about the NHS and the Health and Social Care Bill in England, but about achieving agreements with the other Assemblies and Parliaments in the United Kingdom to ensure nationwide consistency in the treatment and support for people living with HIV.

I shall now discuss public awareness in the UK. Twenty-five years ago, Lord Fowler led huge public health campaigns about the virus. Leaflets were sent to every household in the country and there were very visible television campaigns. However, public awareness of HIV has undoubtedly fallen during the past 10 years. For my generation, it is just not a priority any more. Despite the very high increase in the number of young women contracting HIV, when I speak to my friends about this issue I find they rarely regard themselves as at risk.

Unbelievably, earlier this year, an Ipsos MORI poll found that one in five people do not realise that HIV is transmitted through sex without a condom between a man and a woman, and the same proportion do not know that HIV is passed on through sex without a condom between two men.

Stuart Andrew (Pudsey) (Con): I congratulate the hon. Lady on securing the debate. It is a shame that it is only a half-hour debate, because the last time that we debated the issue, we had an hour and a half, I think,

[Stuart Andrew]

and even that was too brief. The figures that she is giving now are shocking, certainly for my generation, who are getting older now. I remember the HIV debate and campaign that she refers to and how phenomenally successful it was and how aware we all were of the dangers. Something needs to be done so that the younger generation realise the very severe dangers of having sex without protection.

Pamela Nash: The all-party group has consistently campaigned for the Government to put more funding into another national 1980s-style campaign. I hope that today's debate and the events taking place throughout the week will get the message across to the Government that it is necessary to have that style of campaign again.

An increasing proportion of adults—about 10% at the moment—incorrectly believe that HIV can be transmitted through impossible routes, such as kissing and spitting. That is not helped by scaremongering media reporting. There was recently a report in Edinburgh about a couple who, when being arrested by the police, had bitten a police officer. Both members of the couple were HIV-positive, and that was the primary headline in the Scottish media, much to my disappointment. Misinformation fuels stigma and discrimination, which are still a daily reality for many people living with HIV.

Naomi Long (Belfast East) (Alliance): The hon. Lady has rightly referred to the importance of people being tested, but she has also referred to stigma. Does she agree that unless we overcome the stigma surrounding simply having been tested for HIV and for AIDS and not having the disease—the stigma that still exists in society about going for those tests—that will decrease the number of people who come forward to submit themselves for testing and take care of their health as they should?

Pamela Nash: Yes, that is a crucial point. I hope that any future public campaign would incorporate looking at the stigma about the virus. Unfortunately, in the meantime, it persists. That is why I would also push for the home testing kits to become available, but that is not the ultimate solution.

In a recent study in east London, one in three people living with HIV said that they had been victims of discrimination, but most alarmingly the study showed that half of all that discrimination was in the health care system. The Department of Health must take a lead on tackling stigma and develop training resources for its staff that are aimed at stopping such discrimination. Those resources must be used by all current and new NHS and professional bodies.

4.44 pm

Sitting suspended for a Division in the House.

4.56 pm

On resuming—

Mrs Anne Main (in the Chair): I remind hon. Members that there are 16 minutes of this interesting debate left. Members who make interventions should do so briefly.

Pamela Nash: Since I took on the role of chair of the all-party group, I have been extremely surprised by the high levels of inaccurate and sensationalist reporting in the UK's press on HIV. That reflects a wider lack of public awareness.

The lack of basic information fuels prejudice and leads to the exploitation of people, as was tragically illustrated in recent weeks by the frightening cases of HIV-positive patients being told by evangelical pastors that they could be cured of HIV through the power of prayer alone and that they should stop taking their antiretroviral drugs. The BBC has reported at least three deaths resulting in London, which I am sure the Minister will agree is a grave tragedy on her own doorstep. I am aware that the Department already funds work through its partners to raise awareness among religious communities, but in light of the shocking revelations and the relatively small budget that is allocated to HIV prevention in the UK, does the Minister think that that is enough? Is the Department planning to do more to tackle that issue?

The Government must take a lead in acting to improve the understanding of HIV. It is vital that all young people learn about HIV in school, and HIV must be included in local and national sexual health promotion campaigns and information. Such measures will help not only to tackle HIV stigma, but to enable people to protect themselves and others to improve public health.

HIV treatment services in the UK are generally of a high calibre, but access to other elements of care, such as primary care services, social care and psychological support, can vary widely. Unfortunately, time and time again, individuals living with HIV have contacted the all-party group to tell us that the social impacts of HIV on their lives are much greater than the health impacts. Generic services are often ill-prepared to meet the specific needs of people living with HIV. Individuals can be apprehensive about accessing services because of concerns about confidentiality or lack of expertise. Numerous clinical guidelines relate to care and support for people with HIV, but there is no coherent and authoritative guidance that integrates clinical, social and psychological care and covers the different stages and eventualities of the condition. Integrated guidelines from the National Institute for Health and Clinical Excellence or a national care pathway would help to make the responsibilities of different bodies and professionals clearer and make service provision more consistent and cost-effective.

The House of Lords' report recommended that NICE develop treatment and care standards for HIV patients, and the Government's response acknowledged that they should consider the value that NICE could add in developing standards for HIV. The Government also cited the British HIV Association's clinical guidelines, but the guidelines do not address the need to co-ordinate specialist HIV services with other services. We in the all-party group urge the Government to act on the Lords' Committee's recommendations.

People with HIV live with a fluctuating, long-term condition. However, like many other people with long-term conditions, with the right support, people with HIV can play a full and productive part in society. Social care services are being cut across many local authorities and are often limited to the most severely disabled people. It is not acceptable to limit social care only to the most acute cases. Social care has a vital preventive function,

particularly in treating fluctuating conditions such as HIV. Social care can also play a crucial role in dealing with the new phenomenon of the increasing number of older people who are living with HIV.

It is clear that the Government understand the value of HIV social care. That is shown by the inclusion of a specific funding line for HIV/AIDS support in the formula grant. However, local authorities are no longer required to report on the spending of that grant to the Department of Health and we have heard of several cases—for example, in Hertfordshire and Leicestershire—where money for HIV/AIDS support has been siphoned off into other areas of spending. Once that expertise in HIV/AIDS support has been lost, it will be difficult to recover. The Government must ensure that the performance of HIV social care is effectively and consistently measured, and that the needs of people living with HIV are reflected in the social care outcomes framework. It is also clear that NICE must prioritise a social care quality standard for HIV.

To conclude, I am proud that the UK has nobly led the international community during the last 30 years in the response to AIDS, advocating universal access to HIV treatment throughout the world for all those who need it. It is my great hope that that leadership role will continue to be performed by the current Government, particularly at a time when we have such an incredible opportunity to improve the quality of life for those living with HIV, to make a dramatic impact on the number of new infections and to stamp out this epidemic for good.

5.1 pm

The Parliamentary Under-Secretary of State for Health (Anne Milton): Thank you very much, Mrs Main, for calling me to respond to the debate. It is a pleasure to serve under your chairmanship for the first time.

I want to begin by congratulating the hon. Member for Airdrie and Shotts (Pamela Nash) on securing today's debate. She rightly started her remarks by referring to the issue of stigma, and it has been raised by other speakers. I also want to pay tribute to the significant contribution that has been made to fighting HIV/AIDS by my noble Friend Lord Fowler. Political leadership is not often spoken of these days, but it was precisely that leadership from Lord Fowler that made the progress in the UK against HIV/AIDS so remarkable. However, the issue of HIV has been dogged over the years by stigma, and it is disappointing for people as old as me to realise that stigma is still alive and well in our communities and even in some aspects of the delivery of services.

HIV remains a serious global issue that must always be at the top of our priorities, particularly now, of course, as we approach world AIDS day in a couple of days' time. I also congratulate the hon. Lady on her appointment this year as chair of the all-party group on HIV and AIDS. I know the work of the group well. It deservedly has an excellent reputation within Parliament and it tirelessly works to raise awareness of HIV, both globally and within the UK. As is the case with many of the things that she mentioned, that work needs to continue.

World AIDS day provides an excellent opportunity to reflect on the progress that has been made and on the continuing challenges that we face. There is much to celebrate. Globally, new HIV infections have fallen by 21% since 1997 and new infections have stabilised in many regions, including sub-Saharan Africa, the Caribbean and south and south-east Asia. Nearly 7 million people are on anti-retroviral treatments, which is an increase of more than tenfold in the past five years. However, nearly 8 million people still need treatment and are not receiving it. I have responsibility in the UK for global health matters, and I have taken the opportunity to speak to the South African Health Minister.

Thanks to effective treatment, in developed countries such as the UK people who are diagnosed early with HIV can expect to live to a near normal life expectancy. As the Health Protection Agency says in its annual report, which was published today, in 2010 87% of people who were diagnosed with HIV were accessing treatment services within a month of being diagnosed and 85% were reporting an undetectable viral load within 12 months of starting treatment. That is excellent; it is not the end of the story, but it is a good start. However, the challenges remain at home and overseas. There are 34 million people living with HIV globally. The title of the recent report by the House of Lords Select Committee on HIV and AIDS in the UK says it all, really—there is still "no vaccine, no cure". That report comes many years after Lord Fowler led the national response to HIV and AIDS in the UK, and I remember that time well.

In October, we published the Government's response to the report from the House of Lords Select Committee, and we made it clear that we agree with many of the Committee's recommendations. The Committee's report will be critical in helping to inform the Department of Health's sexual health policy framework, which we will publish next year. It will be a vital source of information and current evidence.

Hon. Members and hon. Friends have rightly mentioned the challenges presented by late and undiagnosed HIV. In the UK, there are an estimated 91,500 people living with HIV, of whom around 25% are undiagnosed, which means that those people cannot benefit from treatment and, of course, they risk transmitting the virus to others. Late diagnosis is the most significant cause of HIV-related death in the UK and we cannot say that often enough. The 25% of people with HIV who are undiagnosed are more likely to die than the other 75% of people with HIV who have been diagnosed, and we all need to do absolutely everything we can to promote the benefits and the uptake of HIV testing. I will come on to some of the specific issues that the hon. Lady raised in that regard.

The Department of Health is considering the findings of the final report by the HPA, "Time to test for HIV", in developing the new sexual health policy framework. That HPA report presented the findings of eight pilot projects that were funded by the Department, which assessed the feasibility and acceptability of routinely offering HIV testing in general practices and some hospital settings. It showed that testing was acceptable to most patients, and I am really pleased to see that some of the pilots have led to changes in local practice in high-prevalence areas, which is quite a significant step.

We are also funding the Medical Foundation for AIDS and Sexual Health to help it to develop ways of getting GPs and primary care staff to offer HIV tests

[Anne Milton]

more routinely. Both the Terrence Higgins Trust and the African Health Policy Network actively promote HIV testing as part of the national HIV prevention programmes. Also, we have asked the UK National Screening Committee to provide evidence-based views on increasing routine HIV testing. As the hon. Lady rightly commented, we are reviewing our policy on the ban on HIV home-testing kits and we will ensure that we consult on any proposals to remove the current ban.

We are considering the consultation responses to the public health outcomes framework, which include a proposal for an indicator on late HIV diagnosis, and we will publish that framework very soon. We want to get it right, as it will be an important driver of what happens locally.

I am aware that some primary care trusts are already funding new HIV testing initiatives in both primary and secondary care, in line with guidelines from NICE and the British HIV Association. However, more work is needed to capture data through the HPA's current HIV monitoring and surveillance programme.

Twenty-five years have passed since the first Government AIDS awareness campaigns in the UK, and who can forget those iconic TV adverts? At that time, we did not really know much about the virus and how it would evolve, and we certainly did not know very much about people's sexual habits. As I say, I remember that period well and I want to pay particular tribute to the gay community and the terribly responsible attitude that it took to this issue at that time.

As our understanding of the virus has increased, our approach to it has changed. Our national prevention programmes focus on men who have had sex with men and people from sub-Saharan Africa, because they are the groups in the UK who are most at risk of developing HIV; the risks they face are significantly greater than those faced by other groups in the UK. We have invested £2.9 million in programmes of HIV prevention for those communities, delivered by the Terrence Higgins Trust and the African Health Policy Network, but of course that is only a fraction of the sum that is spent. A great deal more money goes in locally.

The programmes by the Terrence Higgins Trust and the African Health Policy Network both use evidence and a range of approaches to support responsible sexual behaviour and to reduce risk-taking behaviour. For example, to promote HIV testing they use social media and the internet, and for African communities they work with faith leaders. It is quite an uphill struggle in some areas to promote awareness, to reduce stigma and to encourage people to come forward.

Finally, it is vital that the public health system is versatile and sufficiently proactive to deal with HIV. Our modernisation of the NHS and the priority that we attach to public health provide an opportunity to reinvigorate HIV prevention and improve outcomes for those with HIV.

The hon. Lady is absolutely right to say that we need to bring everything together. What we do not want, although we sometimes have it, is fragmentation of services, not only for services dealing with prevention and diagnosis of HIV but, as she mentioned, for services dealing with the social and psychological impacts of HIV. Health and well-being boards and the joint strategic needs assessment will be critical. For the first time, ring-fenced public health funding is central to the NHS and to public health, and it will allow us to plan spending on prevention. In today's restrictive financial climate, the fact that we will have a ring-fenced public health budget will be critical.

There is still a great deal of work to do, and everyone, in this House and outside, must work together to keep HIV at the very top of our list of priorities, because only by doing that can we improve the lives of people living with HIV. The hon. Lady is right to mention that young people's awareness has slipped. Their awareness of the dangers they face and of the part they can play in ensuring that they maintain their sexual health is not as great as it should be. They need the skills to make some very difficult choices.

I finish by congratulating the hon. Lady on securing the debate. I am very keen to work with the all-party group to ensure that we get this right, and that the sexual health strategy reflects all the work that needs to be done to ensure that we decrease the level of late diagnosis of HIV, raise awareness and reduce stigma.

5.11 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Wednesday 30 November 2011

[Mr David Crausby *in the Chair*]

Organ Donation

Motion made, and Question proposed, That the sitting be now adjourned. *—(Angela Watkinson.)*

9.30 am

Glyn Davies (Montgomeryshire) (Con): This is the first time I have served under your chairmanship, Mr Crausby, and it is a pleasure to do so.

I have several brief comments to make before I start on the substance of my speech. First, I must declare an interest, although not a pecuniary one. I am a member of the Kidney Wales Foundation and it is important that I make that clear at the start. I have been interested in this subject for many years because a very dear friend of mine was one of the first to receive a heart and lung transplant at Papworth. She died about two months ago, but for 20 years we discussed the subject on a monthly basis. We did not agree, but our discussions inspired my interest in transplantation as a whole. In particular, we worked on local dialysis provision in Montgomeryshire.

I thought very carefully about becoming involved in a high-profile way because most of my friends and colleagues in the Kidney Wales Foundation take a different view from me. I am not in favour of presumed consent, whereas nearly all of them are. In my view, the way forward is to ensure that everyone knows about the issue so that people's views are known when they die. Having a public debate is in itself a very good thing to help to achieve the objectives I want.

I think we all agree about the need to increase the availability of organ donors—those who are in favour of presumed consent and those who want to retain the informed consent system. The difference is that I do not believe that presumed consent will deliver an increase in organs for transplant. The evidence tells me that it makes no difference. The reason I sought this debate is that the Government in Wales have proposed to opt for presumed consent, which would inevitably have an impact on the rest of the United Kingdom and makes this a very proper debate for this Chamber.

I must make it clear that my opposition to presumed consent has nothing to do with ethics or morality, though I believe that there is a strong ethical case for opposition to it. Others, including the Archbishop of Wales, have articulated the ethical arguments much better than I can. It cannot be right to interpret the absence of an objection as a considered declaration of support. They cannot be seen as the same thing. Changing the system from an act of giving by the citizen to an act of taking by the state is a genuine ethical consideration, but my opposition to presumed consent is based not on ethics but on efficacy. There is simply no firm evidence that it will deliver any more organs for transplant.

In the final years of the previous Labour Government, the then Prime Minister, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), began advocating presumed consent, as some hon. Members here may remember. He established a Department of Health organ donation taskforce. I believe that the chief medical officer at the time also supported a change to presumed consent. The taskforce was instructed to examine presumed consent in detail and to provide a report for the Government. The taskforce consisted of a large committee of specialists under the chairmanship of Dame Elisabeth Buggins, with several sub-committees to consider particular issues. Its report, published in 2008, made it absolutely clear that presumed consent was unlikely to increase organ donation rates in the UK and risked diverting substantial resources—it would cost £45 million to establish and several million pounds a year thereafter—from effective solutions. The report is the most comprehensive analysis of presumed consent ever carried out. It runs to several hundred pages.

Jonathan Evans (Cardiff North) (Con): I have a copy of the Buggins report here. Did my hon. Friend take from his reading of it the fact that at the beginning of the process many of the people who were part of the taskforce were strongly in favour of presumed consent, and it was as a result of the detailed work undertaken that their viewpoint came to be changed? That was a crucial part of what emerged from the report and is highlighted in the conclusions.

Glyn Davies: My hon. Friend makes a good point. Because of the brief that the British Medical Association has circulated to Members, I want to quote the report's conclusions so that we know what the taskforce actually said. One of the main recommendations states:

"The Taskforce's members came to this review of presumed consent with an open mind, with many sympathetic"

to presumed consent. It went on:

"the more the Taskforce examined the evidence, the less obvious the benefit, and the more multifaceted and multidimensional the issue of increasing donor numbers was revealed to be…The Taskforce reached a clear consensus…that an opt out system should not be introduced"

as it could impact negatively on organ donation.

I was quite shocked to receive the BMA parliamentary brief because it sets out without the slightest doubt to give the impression that the taskforce recommended the opposite of what it did recommend. That is verging on a lack of professionalism. I have huge respect for the BMA and I was very disappointed to receive its parliamentary brief. It will seriously damage my confidence in such briefs in the future, whereas I depended on them in the past.

Nia Griffith (Llanelli) (Lab): When someone dies it can be very difficult for doctors to talk about organ donation at that time. Does the hon. Gentleman agree that what we need is a huge drive to get families to talk about consent well in advance? We must be honest and acknowledge that organs that are fresh from healthy bodies are the most desired, and it is often the tragic deaths that lead to organ donation. We need to get as many people as possible signed up, other than those with strong religious objections. If people are signed up, doctors can have an informed discussion with them.

Glyn Davies: I absolutely agree, but I do not necessarily agree with having a list identifying people. I hope to cover that point. Having people's views identified outside the traumatic circumstances that surround a death is

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absolutely key if we are to increase the number of organ donations in this country. That is what the evidence in other countries tells us.

When the taskforce was set up, the Prime Minister of the day expected it to support a transplant revolution, but of course it did not. A similar conclusion was arrived at by a cross-party group of Assembly Members who looked at the same issue. The Members I talked to went into that committee expecting to support presumed consent, but they said in the Assembly that it should not be presumed. They did not think it would deliver the increase in organ donation levels that was generally anticipated.

The second report of the organ donation taskforce in 20008 recommended an improvement in transplant co-ordination, and that is being implemented. The number of organ donors in the UK has risen from just over 800 in 2008 to more than 1,000 last year. That is an extraordinary and dramatic improvement that has saved hundreds of lives. I have searched pretty hard, and the evidence I found is that the way forward is to look at the problem logically and in depth, conduct serious research and then take well-considered action.

Many people support presumed consent because they intuitively feel that it must make a difference. Opinion polls show support, and it is not surprising that they do. When people are going around saying that the change to presumed consent will increase the number of organs available, others will automatically say that they are in favour, but the reality is not what they think. There is a misconception that, if a citizen does not put their name on a centralised, opt-out register, their organs can be used for transplantation. This is a half-consent system, and it is not the presumed consent system that is being proposed. With soft opt-out, or presumed consent with safeguards—these are the phrases used—the actual decision to donate still rests with potential donor's family, as happens under the current system. The key issue—the point raised earlier by my hon. Friend the Member for Cardiff North (Mr Evans)—is that the donor's wishes are known by his or her next of kin.

It is always dangerous to draw conclusions from international examples but, for many years, Spain was presented by those who support presumed consent as proof of the effectiveness of that system. Since the late 1980s, Spain has had the best rate of organ donation in the world and has rightly been recognised as a model for other countries. Because Spain legalised presumed consent in 1979, it has been assumed that this played a key part in its success. However, the 1979 legislation to introduce presumed consent had no impact whatsoever on Spanish donation rates. Key organisational changes introduced 10 years later, in 1989, delivered the success of which Spain is so rightly proud. Spain does not have, and has never had, an opt-out register.

The director of the Spanish organ donation body, Dr Rafael Matesanz, has said that the 1979 legislation is dormant and plays no role in Spain's outstanding organ donation rates, but this fact does not deter the supporters of presumed consent. They now ignore Spain, citing cultural differences to explain why Spain is not a good example to follow. They also ignore the fact that the United States has one of the best organ donation rates in the world, despite there being no presumed consent there. In fact, civil liberties issues in the States would almost certainly prevent presumed consent being introduced there.

The focus now has moved to Belgium and to studies performed in Belgium 25 years ago, between 1984 and 1987. I tried to discover what happened, because I want to see more organs donated. If a system works, and there is evidence to show that it works, it is important that we study to such examples, so I have gone to a lot of trouble to find out what happened in Belgium.

Belgium introduced presumed consent legislation in 1986. The key result was that the rate of kidney transplantation in Belgium rose from 200 per annum in 1984-85 to 300 per annum in 1987. Again, under more detailed examination, the claim that this is the consequence of presumed consent just does not stand up to scrutiny. The results of these studies were published, as a page and a half meeting report, in 1990, by L Roels and co-workers, *Transplantation Proceedings*, volume 22, pages 2078 to 2079. The authors state clearly that the presumed consent legislation

"was consolidated by a nationwide information campaign about the benefits of organ donation...and is being maintained by continuous efforts to inform healthcare professionals about the modalities of organ procurement procedures."

More importantly—crucially—the authors go on to say:

"Whereas before 1986 most smaller non-university hospitals were reluctant to participate in organ donation activities, by lack of any legal security in the absences of an adequate legislation. The majority of organs harvested" —

I do not like that word; I prefer "donated" —

"during the last 3 years were performed in this particular group of hospitals."

Presumed consent was clearly a major factor in increasing organ donation in Belgium in the 1980s, but it is irrelevant to the current position in the UK because the legal certainties have never been an issue. It may have had some influence in Belgium but it is clear that Belgium is a very weak example of evidence on which to base a major change in UK policy.

Kevin Brennan (Cardiff West) (Lab): As I understand his argument, the hon. Gentlemen is saying that in other countries other measures have worked to increase the level of donation, but he also seemed to be arguing that presumed consent would make matters worse, and reduce the number of organs donated. Can he explain how that mechanism would work?

Glyn Davies: I thank the hon. Gentleman for that intervention, because I would not want there to be a misunderstanding. I gave a direct quote from the organ donation taskforce set up by the previous Government, which said that there was no evidence of an increase, and indeed some danger that there might be a negative effect. I used that quote as a challenge to those who are suggesting that the taskforce report shows positive support. I did not suggest that presumed consent will decrease the level of donation.

Susan Elan Jones (Clwyd South) (Lab): It strikes me that the hon. Gentleman is saying that we have a choice – either presumed consent and no awareness-raising, or awareness-raising in the hope that that will generate more organ donation. From our nation of Wales, in the

UK, we know that one person a week dies because they cannot have a transplant. I was on the Welsh radio programme "Dau o'r Bae" recently when one of the hon. Gentleman's colleagues, the Rev. Felix Aubel, was adamantly in favour of presumed consent, and felt that there were very few ethical considerations against. There is quite a diversity of views, but I would contend that there is not the polarity that the hon. Gentleman suggests.

Glyn Davies: I thank the hon. Lady for her contribution, but I have not thought of this as being in any way a political issue. I know that there will be members of my party who will take a different view. For me, this is an issue purely outside party politics.

Paul Flynn (Newport West) (Lab): Of the people who died last year waiting for organs, 50 died in Wales, and the evidence from the world experience is that the system being proposed by the Welsh Assembly will reduce that number of deaths. The hon. Gentleman has produced nothing to suggest that that is not the case.

Glyn Davies: I thank the hon. Gentleman for his intervention, but I simply do not accept that. The evidence actually shows the opposite of what he has just said, and he is ignoring that evidence. This is an issue of such importance to me—probably the most important issue to me since I have been a Member of Parliament—that I have looked carefully at the evidence. I do not want to be advocating a course of action that in some way negates that evidence, and I do not think that that is what I have been doing.

Mr Mark Williams (Ceredigion) (LD): The hon. Gentlemen has been very careful. He has cited the experience of Belgium and Spain. Would he also cite the experience of the survey held by the Kidney Wales Foundation, looking at 22 different countries, comparing the rates of donation and concluding that presumed consent would increase the rate of donation by up to 30%?

Glyn Davies: I thank the hon. Gentleman for that intervention. I referred to Spain because that is the example that all those who seek presumed consent have quoted for many years. I then referred to Belgium because when it was shown that the evidence from Spain did not support that argument, the example then used was Belgium. If there is evidence from 22 more countries, then I will have to see the results from them as well. I just do not accept that the international evidence supports the move to presumed consent at all.

Jonathan Evans: I would like to explore this issue for slightly longer. The evidence indicates that what is important is the awareness, not the presumed consent. The Minister, on a point that I hope to raise with her later, wrote to me to indicate that awareness-raising, from just undertaking the taskforce report, has resulted in donation rates increasing by 28% over the last three years. Nobody could say that that is because of the system – it is because of communication and information.

Glyn Davies: I am hoping to come to this issue if I have time at the end of my speech. It is a crucial issue. I value the help that the British Medical Association has given me over the years. However, the Parliamentary brief from the BMA, which I referred to before, shocked me a bit; so I have gone to some trouble to understand its position. The BMA agrees with the move to presumed consent, and has done for many years. The position of the BMA is of great interest. It has been a vocal supporter of presumed consent since it adopted the policy in 1998, long before the report of the organ donation taskforce, which was a comprehensive study into the issue.

The BMA's current position was overwhelmingly endorsed a few months ago at its annual representatives meeting, a very important meeting which was held in Cardiff and attended by hundreds of doctors representing regional groups throughout the United Kingdom and some special interest groups. Many dozens of motions were discussed over three days and votes are taken. A vote of 51% of those in the hall makes what is being discussed policy for the BMA. It seems scarcely credible that an important organisation can make policy on a complex issue in this way—as a sort of public speaking competition, rather than on the basis of detailed research. I do not accept that the BMA's position on presumed consent can be treated seriously until it reforms the way it makes policy on complex issues. Given the influence of the BMA on public opinion, and that patients' lives are at stake, there is a powerful moral obligation for it to undertake substantial research into this position before it continues to carry forward an issue that in my view damages the cause that it purportedly supports.

What is the way forward for patients who are at the heart of the debate? I want to come to the positive way forward. We know that the rate of organ donation is influenced by three crucial factors. The first is the number of potential donors. With rare exceptions, potential donors are comatose patients on life support machines in intensive care units. Inevitably, the level of intensive care provision is a crucial aspect of organ donation, and it is relatively poor in the United Kingdom.

That is one factor. Identification of all potential donors is another. Every patient who is a potential donor should be given the opportunity to become a donor, by early identification and discussion with his or her family. The Spanish have an extensive system of transplant co-ordinators, involving mainly part-time intensive care physicians. There is a lesson there for the UK.

Consent from the patient's family is also key. This is influenced by background knowledge of transplantation and organ donation; the professionalism of timing, as to when we approach the family; trust in the medical profession and knowledge of their loved one's wishes. Spain has a national training programme for its co-ordinators and a 24-hour information helpline open to the press and public, and places a high priority on public relations.

Consent cannot be legislated for. In 1990, the refusal rates in the UK and in Spain were the same, at about 40%. Over the last 20 years, the refusal rate in the UK has stayed roughly the same. In Spain, it has fallen gradually to the current level of 15%. There is a dramatic difference in what has happened in Spain, as a result of the systems outside presumed consent. That is the example that we should be following.

The second report of the organ donation taskforce recommended improvement in transplant co-ordination, which is being implemented. This is where the numbers

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I referred to earlier become apparent: the huge 25% rise in the UK and the 60% rise in Wales. It is a fantastic achievement. This is the approach we should be taking forward, which leads me to the final part of my speech this morning.

Jessica Morden (Newport East) (Lab): Does the hon. Gentleman agree that there is a particular problem with organ donation in black and minority ethnic communities? What does he think we ought to do, if we are not aiming for a soft opt-out, to raise the profile of organ donation to tackle health inequalities in these communities?

Glyn Davies: The figures that I have seen show that the refusal rate in those communities is much higher in Britain. The rate of allowing organs to be donated by the next of kin is actually reducing among the non-BME population in Britain. So there is a lot of work. I do not know the answer to that. I do not want to make suggestions that I have not researched. I am trying to stick to the research, and I have not done research into that, although it is clearly an issue. It was a specific part of a debate here about two months ago and it is an issue we must tackle.

Finally, those of us who disagree with the proposals being put forward by the Welsh Government and advocated by my friends at Kidney Wales Foundation and the BMA have a responsibility to engage seriously with what is a genuine attempt to increase the availability of organs for transplant. It is a worthy objective. It is accompanied by a commitment to invest considerable sums of public money to achieve it. It has led to a lot of debate already, particularly in Wales, to this debate today, and will lead to much more. Many hon. Members are interested in the debate. If Wales and the Welsh Government seek to introduce the legislation, there will be huge debate across the UK. The debate itself is hugely helpful.

The final point I want to make this morning is that we should build on what is so obviously working. There is currently a national transplant week and a national donor day. However, these do not impinge as much on the national consciousness as we would like them to in the UK. I admit that I did not know that they occurred. If part of the extensive resources which would be used to implement the presumed consent legislation were to be used to create a national donor and transplantation day in Wales, what a difference that could make. It could have real impact. The resources could be used to celebrate the donors and their families of the preceding year on television, radio and the newspapers. The success stories of the recipients of new organs who are living a full life would be inspirational as examples and would help discussion about this issue, so that next of kin would know what their families' wishes were.

Nia Griffith: Would the hon. Gentleman consider the advantages of trying to have specific points in people's lives when they are asked about organ donation, such as when they get their driving licence or their national insurance number, or something like that, so that there is a methodical way of asking people to sign up?

Glyn Davies: I thank the hon. Lady for raising the point. That is not directly related to the debate today, but the point raised would support and strengthen the current system of an opt-in card, and it is a good idea. I have thought about it a lot and most people would accept that that is a reasonable way forward. It asks people their opinion and requires them to think about the issue. As long as we can extend that—having them tell their next of kin what their position is—it could be very successful.

We could learn from what has happened in Spain: Spain is the most successful country in the world. We also could establish a 24-hour information telephone line, with many more lines available on the national organ donor and transplantation day, if it were set up. On that day the people of Wales could be encouraged at every opportunity to tell their loved ones and their next of kin what their wishes are regarding organ donation. Husbands, wives and children will always be asked their permission. If you are ever unfortunate enough to be a potential donor, you need to have your next of kin know your wishes, so that they will be implemented. Telling them your wishes is much simpler, hugely cheaper, more effective and far more flexible than presumed consent legislation. Establishing a national database is expensive; overseas experience suggests that only 1% or perhaps 2% of the population are likely to use it. We know that it is more probably some 10% of people who do not want their organs to be donated; those are the figures we get—that about 90% of people are content.

This is a poor substitute. We all need more organs available for transplant. There is no dispute about that—it is a worthy objective that nearly everybody signs up to. Building on the success that we are achieving, involvement in a transplant co-ordination system is the way to go. Building on the evidence and on our experience, we know that that is what works; not creating a bureaucratic, superficially attractive, presumed consent system that simply will not deliver what we all want.

Several hon. Members *rose—*

Mr David Crausby (in the Chair): As so many Members wish to speak, I will call the two Front Benchers at 10.40 am, giving them 10 minutes apiece, but I would appreciate short contributions in order to get as many people in as possible.

10 am

Paul Flynn (Newport West) (Lab): This debate reinforces the view that Assembly Members never actually leave the Assembly, but continue their debates here in Westminster. This morning's debate is not for us. The Government have 400 commitments in the coalition agreement; if they have 401 commitments then there is even less chance that they will deliver on this. There is no likelihood of change.

Glyn Davies: I reassure the hon. Member that this issue was never raised during the eight years I served as a member of the Welsh Assembly.

Paul Flynn: It is now a live issue in the Assembly. We are not the Assembly, we are a British Parliament, and I question whether this is an issue of primary concern. Of course we should talk about it, but sadly any possibility of reform is remote in this Parliament, although it is a live issue in Wales. This debate has been called in order to influence the debate in Wales and it is questionable whether it is a legitimate use of parliamentary time.

Guto Bebb (Aberconwy) (Con): I congratulate my hon. Friend the Member for Montgomeryshire (Glyn Davies) on securing this debate. On whether this is an issue to be debated in Westminster or in the Welsh Assembly, is the hon. Member for Newport West (Paul Flynn) implying that no contribution to the debate can be made in a Westminster context? There is a real question mark as to whether the Assembly has the legislative competence to deal with the issue.

Paul Flynn: I served in Parliament before there was a Welsh Assembly, unlike the two hon. Gentlemen. Since it has come into being I have absolutely never, at any time, become involved with, made speeches on, or interfered in those responsibilities of education and health in Wales, which are the responsibility of the Welsh Assembly. We have to accept that and realise that there are Welsh Assembly responsibilities and other responsibilities here. I do not want to labour that point, however, because there is a more important point to be made—

Guto Bebb: Will the hon. Gentleman give way?

Paul Flynn: No, I will not. I have been asked to be brief. We must get away from what we are hearing from prattling prelates and procrastinating politicians and look at the real issue. We cannot talk about a system that is working well, as was suggested this morning, when 1,000 families were bereaved last year in the UK and 50 families were bereaved in Wales. I will not talk about one family in my constituency where a young woman died waiting for an organ transplant because it is too heartbreaking a story, but I want to say something about the reality. Despite all the fine theories and words ahead, what is happening to real people in our constituencies?

Some of us listened to the testimony of Matthew Lomas and his mother when they came to Parliament a month ago. It was a dreadful story of suffering that moved us all. Matthew and his brother were born with congenital heart defects and they both had pacemakers. Matthew was suddenly getting a great deal of pain and discomfort and was taken to the hospital, where the diagnosis was a sombre one. His heart was growing and he would eventually die. He was told that on a scale of one to 10 his chance of surviving was at 9.9, and the family prepared for Matthew's death. They were told that a heart transplant was a possibility, so they arranged for him to go to Birmingham's Queen Elizabeth hospital, where he had a series of assessments. When the doctor told them that he would have to have a transplant, his mother said:

> "Matt and I stared at each other it was so surreal. Had we both heard the same thing? We didn't talk. Matt may have wept, I can't be sure. I felt numb and could only think about my son who I had just been told was dying.
>
> The sister came back in. 'Had you been expecting to hear that?' she asked gently. 'No!' we said together. It was the first thing we had said since hearing the awful news. 'I thought Matt would need a new pacemaker.' I said."

She told the story—which some hon. Members will have heard—of the dreadful things that happened from then on. There were false alarms; a call from Birmingham came at 2 o'clock in the morning. They prepared themselves and started to drive up the motorway, only to be told when they were halfway there that the heart was not suitable. There were many other false alarms along the way. Eventually the transplant did occur—I find it difficult to read the whole story so I will cut it short. The family went through agony as the young man approached death. He was fitted with a device that would keep him alive for 28 days, but death was a certainty at the end. By good fortune—not from the wisdom of politicians or prelates—he survived. He is at home now and has a life expectancy of five years.

Another constituent of mine, a young woman the same age as Matt, died last year because there was no heart available. I believe we must say—because the overwhelming evidence is there in spite of what the hon. Member for Montgomeryshire (Glyn Davies) said this morning—that the weight of the medical evidence shows the best way forward, and that is the decision that the Welsh Assembly is about to take. For goodness sake, instead of going along as we are—particularly today—serving the few rather than the many and talking about our various political differences, let us realise that this is an area in which we politicians can save lives and lift the burden of anxiety from families waiting for organs. We know that all of the evidence—the fair evidence, not the procrastinating evidence we have heard this morning—shows that there will be more organs available. For goodness sake, let us allow the Welsh Assembly a free run to get on with it and lead the country as it has in the past with other reforms. We hope that England and the rest of the United Kingdom will follow suit when the reforms produced by the Welsh Assembly are proved to be a great success.

10.7 am

Mr Mark Williams (Ceredigion) (LD): Thank you, Mr Crausby. It is a pleasure to serve under your chairmanship this morning and I will be as brief as I can. I must congratulate my hon. Friend the Member for Montgomeryshire (Mr Davies) on securing this debate. I know that he has taken a keen interest in this matter over many years and he spoke with customary conviction while presenting his case. I do not agree with his case, but nonetheless I respect his conviction.

Guto Bebb: Does my hon. Friend agree that there is a way in which we can present this argument that has been 'made by my hon. Friend the Member for Montgomeryshire, and to the contrary by the hon. Member for Newport West (Paul Flynn)?

Mr Williams: The hon. Member for Newport West (Paul Flynn) also spoke with characteristic passion, and he spoke with passion about constituents, which is an important point to make. Another important point to acknowledge is that this is not a partisan issue. I happen to support the stance taken by the Welsh Assembly Government. It is not a Government that my party is part of, but I support the initiative of both Health Ministers in the Assembly, who happen to be Labour Members.

I will briefly explore the Assembly Government case and endorse the work of the British Medical Association. I will also highlight the work of the Kidney Wales Foundation, the British Heart Foundation, Diabetes UK Wales, the British Lung Foundation and the Kidney Welsh Patients Association.

Glyn Davies: Will the hon. Gentleman give way?

Mr Williams: I am not going to give way to the hon. Gentleman. I will proceed because many others want to speak.

Members of the Select Committee on Welsh Affairs received the request for legislative competence on this matter, although mercifully that was superseded by the referendum result, which conveyed greater powers to the Welsh Assembly. That is why it is now able to proceed in the legislative way that it is. The debate has, of course, been triggered by the publication of the White Paper by the Assembly Government on 8 November, which proposes a soft opt-out organ donation scheme for Wales, with a view to that becoming fully operational in Wales in 2015. Both contributions we have heard this morning have acknowledged the tragically large waiting lists for donors: 10,000 people UK-wide, 500 in Wales. The wider public support was acknowledged by the hon. Member for Montgomeryshire.

It was also acknowledged that earlier committee work had been undertaken in the National Assembly, and the committee was not exactly ringing in its endorsement of a soft opt-out proposal, although it did not rule that out. The then Health Minister opened the matter to public consultation, and some 81% of respondents in 2009 indicated that they were supportive of a soft opt-out scheme.

Despite those statistics and the overwhelming public approval for a scheme, tragically only 29% of us have signed up for organ donation. There has been much mention of the international comparisons. I will not dwell on them, other than to cite again the comparison highlighted by the Kidney Wales Foundation. It looked at 22 different countries with opt-out schemes—not just Belgium or Spain—and found that over 10 years there was a 25% to 30% higher donation rate than for informed consent schemes. I appreciate what has been said about an evidence-based scheme, but we must not be selective in the evidence used. That is critical—we need to look at the whole picture.

I strongly contend that a soft opt-out approach must not be seen in isolation. The Assembly Government is not arguing that a soft opt-out scheme alone will work and do the job that we all wish to see. As the hon. Member for Llanelli (Nia Griffith) said in her intervention, we need to heighten publicity, which is absolutely critical. Initiatives such as the use of the Driver and Vehicle Licensing Agency, so that when people apply for a driving licence they are asked whether they wish to join a scheme, would play an implicit part in a soft opt-out scheme.

Jonathan Evans: Will the hon. Gentleman give way?

Mr Williams: I will carry on, because I am conscious of time.

Critically, the Assembly Government has also responded to the need to increase infrastructure to cope with transplants. It is clearly developing that: the transplant directorate of the University hospital of Wales in Cardiff is the only transplant organisation responsible for kidney and pancreas transplantation in south and mid-Wales. In March, £2.4 million was spent on the Cardiff transplant unit, which has been opened with a dedicated transplant team and with new recruits of surgical and nursing staff. The Assembly Government also committed £1.5 million to implement the recommendations of the organ donor taskforce. Infrastructure and public information, coupled with a soft opt-out scheme, is the key.

Finally, and critically, we need to address the ethical issue. The soft opt-out scheme has been described as somehow being ethically improper. I think that is probably the view—I hope I do not do him a disservice—of my hon. Friend the Member for Montgomeryshire. That view has certainly been expressed by the Archbishop of Wales. I would not dare to describe him in the glowing way that the hon. Member for Newport West did; I am a member of his Church, and I deeply respect the Archbishop of Wales. He has highlighted the issue of the relative power of the state and the individual.

As a Liberal—call me an old-fashioned liberal—I very much want to see the emphasis on individual choice. The hon. Member for Clwyd South (Susan Elan Jones) alluded to that point in her intervention. There will still be choice—the choice to opt into a scheme is still there. The archbishop's article in the *Western Mail* stated:

> "Organ donation…ought to be a matter of gift. If one takes organs without consent, on the assumption that a person is tacitly assenting by not opting out, then that is no longer a free gift to others. An organ donation ought to be precisely that…an act of love and generosity."

I agree with those sentiments, but I do not accept that opting out in any way conspires against the spirit of generosity. That is where public information and the awareness issue are so important.

What we need to do, which is what the Assembly Government seek to do, is to extend that spirit of generosity so that it becomes the norm and so that the discussions that every family will have to have throughout people's life about such matters are very much the reality. That puts the onus on the individual to make informed choices, and that should be highlighted. A point has been made about relatives and members of families. The soft opt-out option means—this has been made open to consultation by the Welsh Government—that there is a specific role for members of bereaved families, whose views will be taken into consideration.

I perhaps started this process as an intuitive supporter of soft opt-out. I remember going to a meeting organised by the hon. Member for Cardiff West (Kevin Brennan) earlier this year, when we met people who were waiting for transplant operations. There is a healthy impatience, certainly in the Assembly Government and among others of us, to see the issue resolved.

The hon. Member for Newport West talked about his constituency cases. One benefit of the House rising early yesterday was that I was able to watch a little more television than usual. I watched an excellent documentary last night about a young couple from Exeter: 21-year-old Kirstie has been waiting several years for a lung transplant. She struggled through her teenage years, and she even struggled through her wedding day while being unclear whether she could actually survive the day. The highs and the lows—the highs were that on two occasions she received telephone calls saying that a donor was available; the lows were realising that the donor was not appropriate. Miraculously, as she reached the end of her life, a suitable donor was found, and Kirstie is now recovering and enjoying an increasingly full life. Sadly, many of our constituents are not so lucky, which is why many of us are very impatient and why the National Assembly Government have taken the lead in pushing for a soft opt-out option.

10.17 am

Jim Shannon (Strangford) (DUP): I thought that I should speak, and it is a pleasure to do so, on this matter, which is one of some importance to me. Every person in this House agrees that something must happen. It is the strategy or the policy for the way forward that is the issue. I have to say that I totally support the point of view of the hon. Member for Newport West (Paul Flynn).

I have carried a donor card—it is a bit faded, but it is still a donor card—for more than 20 years. This is the second or third one. If this body that I stand in today should be in an accident, and there is an opportunity for donations, I would like my body to be used for that purpose to give life to others. That is a personal opinion. There will be others in this House who carry donor cards, and they will be of the same opinion.

My nephew Peter is a recipient of an organ donation. He received a kidney. I can well remember the day he was born—he is a year younger than my elder son—and he was a wee boy. He was born with about half a kidney, and it was touch and go the whole way through his life. The result of it all was that he received a donor kidney, and today his whole life has changed. Today he races motor bikes—a bit of a tradition in our family—and he has a job and a full-quality and normal life. That is good news.

In my constituency of Strangford, we had the opportunity to have a memorial garden. That was an initiative that came from local people, who worked with the Ards borough council and ensured that a portion of land was set aside earlier on this year—in May or June—for a memorial garden so that those who are recipients of donor organs and those families whose loved ones have passed on have somewhere where they can go to have a moment of quietness or of contemplation.

Some eight years ago, just a mile from the location of that garden, an accident took place in which one person was killed instantly and another survived for a few days. Months afterwards, the father of one of them came to see me. He was still heartbroken, but he told me that his son had managed, as a result of his death, to pass on organ donations, and the gift of life, to five families. That is another illustration of the quality of life that can arise out of such events.

I am conscious of time, but I shall make three quick points. Just four weeks ago, I put down an early-day motion for the House to consider. Through that, I became conscious that we need to do something better, because the system we have today is not working. Organ donations are not coming through and we must do something about that. We need to think outside the box, if I may use that terminology—it is used often about many things. People of the vintage of 70 to 80 years old should not be excluded from organ donation. If their bodies or organs are healthy, why not use donations from people of that age? Perhaps the Minister can give us an idea about that in her response.

The hon. Member for Ceredigion (Mr Williams) mentioned the TV programme, which I had actually seen the night before, although it was the same one. It very clearly illustrated the highs and lows of people who are waiting on organ donation—the highs when they think it is their turn and the lows when they find out that it is not suitable. It charted the life of one person through her youth, her marriage and the countdown of days after the marriage until she was on a life-support machine and had only three days to live, and then the organ donation came through. Again, that illustrates very clearly the things that we need to do.

I have been contacted by many constituents who are aware of the issue, of the need for organ donations and of the need for that to happen quickly. My last point is in relation to those who need a transplant, but—nobody has yet mentioned this—have a rare blood group. What are the chances of someone with a rare blood group receiving an organ donation from someone of that particularly group? It is one of those 100 to one or 1,000 to one chances. We therefore have to do something different. Whether that means a pilot scheme, so that people are automatically organ donors unless they say otherwise, which is what I believe we need; I would go a stage further, although I am not sure that everyone would agree.

Unless we have a system in place that gives the individual an option and ensures that organ donations can come through, we are not serving our people or our country well. I urge hon. Members to think very honestly about the issue and to move forward in a positive fashion. We need organ donation, we need it on a different system and we need it now.

10.21 am

Mr Philip Hollobone (Kettering) (Con): In October 2006, my constituent Mrs Jeanette Crizzle very sadly died from acute myeloid leukaemia. Her husband Adam decided to set up the Jeanette Crizzle Trust, of which I have the privilege to be a trustee, to promote what has become NHS Blood and Transplant's give and let live education programme for schools. At that time, we went to see the then Health Minister—she is now the Labour Chief Whip—and she kindly agreed to get the programme under way. Young people are the donors of the future and it is vital that we reach them. They are the ones who will keep future blood stocks healthy and provide life-saving organs in years to come.

The significance of that for this debate is that my constituent Mr Adam Crizzle, once his wife had very sadly passed away, did not leap to the conclusion that we should have a system of presumed consent; he leaped to the conclusion that we should increase awareness to encourage people to become donors in the future. That is something that I am very happy to support.

I am sure that we can all agree with the comments made by the hon. Member for Strangford (Jim Shannon) showing that the present system is not working well enough. Where we might disagree is how to make it work better. I come down firmly on the side of arguing that there is plenty more opportunity to increase the awareness and to encourage people to become donors.

I take this opportunity to praise NHS Blood and Transplant for the give and let live donor education programme. I am pleased that the Health Minister has agreed to meet Mr Adam Crizzle next month to explore ways in which that programme can be further advanced and improved. Some three quarters of schools are involved in the programme, which is targeted at 14 to 16-year-olds. However, many schools have not yet been reached, and I am sure that the Department of Health can build on the initial successes in the early years of the programme to ensure that it is extended even further.

[Mr Philip Hollobone]

I apologise to you, Mr Crausby, for not being able to stay to the end of the debate to hear the Minister's remarks. However, I praise my hon. Friend the Member for Montgomeryshire (Glyn Davies) for securing this debate and for highlighting this important issue, and I pay tribute to all hon. Members who have contributed their passionate views to the debate.

10.24 am

Kevin Brennan (Cardiff West) (Lab): This is a political issue. It may not be a purely party political issue, but it is a political issue, because ultimately it is decided by politicians. If a similar proposal were introduced for other parts of the United Kingdom in this House, it would probably be whipped by the Government, who I imagine would take a political position on the issue. That may or may not be the case, but whether or not the issue is party political, it is political because it is about life-and-death matters affecting our constituents, matters that are ultimately decided by politicians. That is our duty and we should not give politics a dirty name by saying it is not a political issue, because politics is important—often, it is a life-and-death matter—and this is one example.

I listened carefully to the arguments of the hon. Member for Montgomeryshire (Glyn Davies). I absolutely accept that he is entirely sincere in making those arguments and that he has considered the matter very seriously. I know that, through a close friend, he has personal experience of the issues involved. I also know of his work with the Kidney Wales Foundation, a charity that is located in my constituency and has done such sterling work to move the issue up the agenda in Wales and to help develop the proposal brought forward by the Welsh Assembly Government.

However, I struggle to understand the logic of the hon. Gentleman's position. He appeared to be saying something with which we can all agree—that increasing the levels of organ donation will not simply happen through a proposal such as soft presumed consent and that other things could and should be done to increase organ donation. As he rightly said, the very fact that the previous Prime Minister raised this matter from the top and generated a taskforce and a debate has helped to improve organ donation, in the same way that the Alder Hey scandal had the opposite effect on rates of organ donation in the past decade.

There are things that can be done. One study cited in the science section of the Library's note, which hon. Members may have read, stated that the four main factors for high donation rates are "an opt-out policy", which we are here to debate, and

> "a large number of transplant centres…a high percentage of the population enrolled in university education…and a high percentage of Roman Catholics".

That may explain the sanctimonious hyperbole of the Archbishop of Wales on the issue. He may want to reconsider the position that he has taken and to consult some of his ecumenical colleagues in other parts of the Christian faith.

The reason why I struggle with the logic of the hon. Member for Montgomeryshire is that he said that his objection was not ethical. We do not therefore have to deal with the issue of whether the proposal is an imposition by the state, which should not in any way presume anything about what should happen to the organs of someone who has died. He said at the outset of the debate that his objection was not on such grounds; he said that he wanted to cite the evidence. When I asked him whether he thought such a soft organ donation proposal would make matters worse, he said that a line in the taskforce report stated that that was a possibility, but that that was not his position and that he was not arguing that a proposal for soft organ donation would make matters worse. At the very least, all the proposal would do, according to his own argument, is make things no better. Yet he accepts that, by raising the debate and the issue, organ donation rates are likely to increase.

My argument is that the proposal is not a significant imposition on the individual human rights of people, because it is soft organ donation. In practice, what would happen is that, when an organ becomes available, it will be presumed that the donor had consented but there is still the safeguard that the relatives of that donor have to be consulted. All that would change would be the nature of the question. It would no longer be, "Your loved one did not carry a donor card and did not indicate consent before this misfortune befell them, would you agree to their organs being donated?" Instead, the question would be, "As you know, in this jurisdiction it is presumed that consent is given unless somebody opts out, and therefore we intend to proceed unless you decide to veto that process." That is the difference. In my view, logic tells us that, in those circumstances, it is likely that more organs will be donated. Even if that was not the case, and even if, as has been said, it made no difference whatever, are we not right to try?

I believe that the proposal will be a success, and we should try it. This is the advantage of devolution: it is possible for the proposal to be tried in one part of the United Kingdom just as the smoking ban was tried despite massive objections from all sorts of people. That proved a huge success and the ban was adopted in other parts of the United Kingdom. I think the same will happen in this instance.

Glyn Davies: I accepted in my speech that the proposal in Wales may have triggered my debate in some way, but this is an issue for the United Kingdom. We have all spoken about a situation that needs to be improved, and that needs to happen across the United Kingdom. That is what today's debate is about.

Kevin Brennan: Indeed, and I accept that. As I just said, I believe that the proposal in Wales will, eventually, lead to an improvement right across the United Kingdom.

On the constitutional point, the Welsh Government have taken legal advice and believe that they have the necessary jurisdiction to undertake the reform. If the United Kingdom Government and their legal advisers do not believe that to be the case, how should the Welsh Government react? I will tell you, Mr Crausby: they should react by making sure that they make any necessary changes to ensure that it is absolutely clear that the Welsh Government have the necessary jurisdiction to make that reform. Otherwise, we are heading for an unnecessary constitutional crisis. I hope that the Under-Secretary of State for Health will make the issue clear when she replies to the debate.

10.31 am

Jonathan Evans (Cardiff North) (Con): I am grateful to be called, Mr Crausby, and I shall be brief.

First, I should like to place on record my thanks to Mr Max Gabe Wilkinson, my former neighbour, who was the founder of the Kidney Research Foundation in Wales. More than 30 years ago, he signed me up to a donor card. I can say to the hon. Member for Newport West (Paul Flynn) that, as the vice-president of the Catholic Union of Great Britain, I have been a declared donor ever since, and therefore this is no prelatory speech.

My concern is to maintain the integrity of organ donation, and confidence and trust in the system. In context of UK policy and its impact on what is happening in Wales, my remarks today will be limited to what has happened in trying to promote more organ donation through the DVLA website. As part of a policy that applies to all of the United Kingdom—the Minister is aware of my concerns because I have written to her—it is legitimate to say to people, "Do you wish to opt into organ donation?" That new system has been in operation since 1 August, but in Wales, there is no capacity to say no. My hon. Friend the Member for Ceredigion (Mr Williams) put his finger on it when he said that there should be the option to say no. The Minister has helpfully written to me to say that there does not need to such an option because people can change their minds and decide to opt in later on. But if we are to have two separate systems, the option in Wales, as one of my constituents has written to me to point out, is that one cannot opt out if one is proceeding to declare a viewpoint on the DVLA website. Therefore, ultimately, if legislation is introduced in Wales—I am not expressing an opinion as to whether that legislation should be passed or not—there would have to be a different approach. Otherwise, one fundamentally undermines people's ability to be confident that if they want to opt out, they can say so. They cannot exercise that choice on the current DVLA website.

Why is that important? It is important because we need to maintain that trust, and at the same time maintain the legal integrity of the system. Although it has been said that everything will be fine, and never mind about the legal competence, the issue relates to the position of the European Court of Human Rights. In the event of something going wrong, heaven forbid, we could end up with a negative situation in which the process that is adopted in Wales fundamentally undermines confidence in organ donation altogether. Those factors need to be in Ministers' minds, and that is why I wanted to make a brief contribution to the debate.

Several hon. Members *rose—*

Mr David Crausby (in the Chair): Order. I am going to ask the Front-Bench spokesmen to speak at 10.40, so I ask for a short contribution from David Simpson.

10.34 am

David Simpson (Upper Bann) (DUP): I appreciate the opportunity to speak, and I will be very brief.

I congratulate the hon. Member for Montgomeryshire (Glyn Davies) on his passionate speech, and I understand how he feels. If we put ourselves in the position of those who are waiting on transplants, the picture is entirely different. If any one of us sitting in this room were waiting on a liver transplant, a lung transplant or whatever, we would do anything to cling on to life for our families and our children.

I accept the moral and ethical issues, and personally I might have issues about the moral aspect, but would it really matter to one of us in this room whether it was an opt out, opt in, moral or ethical choice? If you had to grasp on to life, you would do anything. Having said that, I understand that there is wealth of different arguments and opinions in this room, but life is life, and we must try to help those who are waiting on organ transplants.

Between April 2010 and March 2011, more than 1,000 lives were saved in the United Kingdom from lung, heart, liver or combined transplants. As has already been said, those people would be dead today without those transplants. That represents 1,000 families who still have their loved ones with them. When we look at the percentages, transplants are now so successful in the United Kingdom that, a year after surgery, 94% of live donor transplant kidneys are still functioning well; 88% of kidneys from people who have died are still functioning well, as are 86% of liver transplants, 84% of heart transplants and 77 % of lung transplants. That is a fantastic achievement for the medical profession.

Although there are moral and ethical issues, I believe that we should try to find some way around them. Not only should this argument be debated in this Chamber, but it should be debated in the main Chamber. We should find some resolution to it, because life is precious to no matter who it is. Perhaps a pilot scheme launched by the Welsh Assembly is the way forward, but I believe we must find a resolution. The hon. Member for Kettering (Mr Hollobone) congratulated the give and let live campaign and that campaign should be extended. Primary schools were also mentioned in this respect. We hope and trust that a resolution can be found.

Mr David Crausby (in the Chair): An even shorter contribution from Duncan Hames.

10.39 am

Duncan Hames (Chippenham) (LD): Genuinely held views have been expressed by Members in this debate. We heard from Members who are proud of their donor cards, but I would ask Members when they last saw an organ donor registration form. When was the last time that those Members were asked whether they would donate their organs when they die by those who do not know that those Members hold such donor cards? I agree with the hon. Member for Llanelli (Nia Griffith) that we need a methodical way in which people can sign up to the organ donor register. My hon. Friend the Member for Ceredigion (Mr Williams) referred to the success of measures in terms of driving licence applications, but they have only got us so far. We must go further.

The hon. Member for Kettering (Mr Hollobone) put his finger on it when he spoke about the importance of attracting young donors to the organ donor register. Later on today, I will meet the Minister in the company of young campaigners, Abby Thackray and Hope Milne, whose sign up, speak up, save lives campaign featured on Channel 4's "Battlefront" programme. While the

[Duncan Hames]

debate continues in Wales, we have a suggestion that gives us something to proceed with in the meantime, on which we could make progress in the rest of the Union. With the introduction of individual voter registration, I believe that there is a fresh opportunity to use a paper-based, individual process to invite every adult, as part of a canvass, to be a new organ donor. I hope that the Minister will embrace that opportunity when we meet her and the Minister with responsibility for constitutional reform later today.

10.40 am

Andrew Gwynne (Denton and Reddish) (Lab): Thank you, Mr. Crausby. It is a pleasure to serve under your chairmanship. I congratulate the hon. Member for Montgomeryshire (Glyn Davies) on securing this debate. I also pay tribute to the hon. Member for Chippenham (Duncan Hames) for his sterling effort in squeezing a whole speech into a minute and a half—he did very well.

The system of opt-in for organ donation has been the subject for debate for many years because of the serious shortage of organ donors and consequent waiting lists for transplant operations which has led to suggestions from a number of stakeholders that a review of the current approach to organ donation is long overdue. In the United Kingdom, the number of people awaiting transplant operations greatly exceeds the number of organs available. This shortage of organ donors means that some 400 patients, mainly those waiting for life-saving heart, liver or lung transplants, die each year before a suitable donor can be found. As we have heard during the course of this debate, the BMA, many transplant surgeons, patient groups and many hon. Members in both Houses would like the UK to adopt a system of presumed consent where it is assumed that an individual wishes to be a donor unless they have opted out by registering their objection to donation after death. I recognise that there are strong feelings on both sides of the debate, as we have heard today—not least those put so eloquently by the hon. Member for Montgomeryshire.

Hon. Members who have served in this House for some time will be aware that the former Health Secretary, my right hon. Friend the Member for Kingston upon Hull West and Hessle (Alan Johnson), asked the organ donation taskforce to assess the possible impact of a change to presumed consent and the acceptability of such a change for the United Kingdom. By doing this, the previous Government recognised the complexity of the issues and widely differing viewpoints surrounding systems of consent to organ donation.

We know that the taskforce examined the complex moral and medical issues around presumed consent, including giving the family of the deceased a final say on the donation of any organs. It also looked at the views of the public, health organisations and other clinical, ethical, legal and social issues raised by a wide range of stakeholders, while at the same time establishing a series of expert working groups to help gather the relevant evidence. The Minister will be aware that the resulting report, entitled "The Potential Impact of an Opt Out System for Organ Donation in the UK" was published in November 2008, recommending that the current system of opt-in be retained and the recommendations of the taskforce's earlier report on organs for transplant, produced in January 2008, be implemented. However, in July 2007, the chief medical officer supported the idea of an opt-out system with proper safeguards and good public information. My right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown) also called for a public debate on the issue of presumed consent when he was Prime Minister and did not rule out changing the law to an opt-out system.

So what would actually happen under a system of opting out? It proposes that every person living in the country in which it is introduced is deemed to have given their consent to organ donation unless they have specifically opted out by recording in writing their unwillingness to give organs. Supporters of the introduction of such a system in the United Kingdom believe that establishing an automatic right to take organs when the donor has not expressed wishes to the contrary would lead to a significant increase in the number of potential donors. They also conclude that the relatives of, or those close to, a person who has not expressed a wish to donate would be relieved of the burden of making that decision at such a traumatic time.

However, one fear with presumed consent is that people will not get round to registering an objection and the subsequent expectation that organ donation should take place could lead to unnecessary distress for relatives and widespread adverse publicity. Many transplant recipients add that a donated organ is more easily accepted because they know that it has been positively given by the deceased whereas presuming consent would turn donation into an action by default.

Other concerns surround the potential medical risks involved in removing organs without full discussion with relatives. Families are a valuable source of information about their loved one's previous health and relatives are questioned as part of the screening process. If an individual does not register an objection, it is possible that their silence may indicate a lack of understanding rather than agreement with the policy. It is because of these concerns that, in the majority of countries operating an opt-out system, health care professionals still consult the family to establish consent.

While always looking closely at both the pros and cons of the system of presumed consent, there is recognition across the health care profession and more widely that there is a crisis which leads to tragic loss of life—in the UK, at least one patient a day dies waiting for a transplant.

The former chief medical officer, Sir Liam Donaldson, was an enthusiastic supporter of presumed consent. He told *The Guardian* in 2007:

"We have something of a crisis in this country. Every day at least one patient dies while on the transplant waiting list. There are something like 7,000 people on the waiting list at any one time. There is a shortage of organs in this country and the situation is getting worse."

A team at the centre for reviews and dissemination at the university of York focused on 13 studies and found strong links between presumed consent and increased donation rates. One of the studies found that donation rates were 25% to 30% with presumed consent. However, researchers also said that it was unlikely that presumed consent alone accounted for all of the effect as one study found that the number of transplant centres had a

greater effect than an opt-out system. Other factors that had an effect on donation rates were death from road traffic accidents, health spending, public awareness and religion.

Support for presumed consent in the UK, as we have already heard, has grown steadily since 2000 and, in a survey carried out in 2007, 64% of respondents were in favour of moving to presumed consent. The BMA's own figures are even more favourable, showing that around 70% to 90% of the population would be willing to donate their organs after death.

As I said earlier, when my party was in government, the then Health Secretary asked the organ donation taskforce to make specific recommendations to improve the infrastructure within which donation takes place and, since those were made, improvements have been achieved, with a 28% increase in donation rates over three years. The changes proposed by the taskforce include a wide range of measures designed to make the offer of donation a standard part of the care provided to dying patients—in the words of the taskforce, to make donation a

"usual and not an unusual event".

As we have heard today, the Minister will be aware that this issue is being pursued in Wales with the National Assembly for Wales and the Welsh Assembly Government recently publishing a White Paper on an organ donation Bill for Wales which suggests an opt-out system with safeguards. As we have heard today, the moral and ethical arguments continue. It is right that we have this debate and have it in the United Kingdom Parliament as well as in the Assembly and that we raise awareness of this issue and help to educate people.

I share the concerns expressed today about the insufficient organs donated in the United Kingdom. There is no doubt that we need more people to realise that organ donation saves lives. We know that, in future, organ shortages—particularly for kidneys—are likely to increase. I congratulate the hon. Member for Montgomeryshire on securing this important debate, thank all hon. Members for their contribution and look forward to hearing from the Minister how the Government propose to resolve the crisis, what their position is on a presumed consent system and what action the Department of Health is taking to carry forward the work done by the previous Government on this issue.

10.49 am

The Parliamentary Under-Secretary of State for Health (Anne Milton): Thank you Mr. Crausby. It is a pleasure to serve under you today. I congratulate my hon. Friend the Member for Montgomeryshire (Glyn Davies) on securing this debate on presumed consent. I also thank him for his thoughtful contribution. Like him, I am fixed only on the evidence. I do not have an ethical position on this—I will act on the medical evidence in front of me. Sometimes, with an issue like this, there is a huge danger that the plight of those waiting to have a transplant clouds the ability for some to consider the evidence clearly. What matters is what actually works. The hon. Member for Denton and Reddish (Andrew Gwynne), the shadow health spokesman, outlined some of the complex issues around presumed consent and what faces the public.

This is not a party political issue. It is an issue decided on by politicians, but I would be saddened if it became a party political issue. It is also not an opportunity to exchange insults. Rather, it is an opportunity to make a difference. So, if nothing else, I would urge hon. Members to leave the Chamber today, and call their local press to see whether. together, they can start a campaign to raise awareness and to begin a conversation in their constituencies. Politicians generally have considerable access to the press. On the whole, we are not averse to having the odd photo of ourselves. I am sure that we have opportunities to raise awareness of this important subject.

There are now about 10,000 people requiring a transplant. Three of them die every day waiting for a transplant or after they are taken off the list because, tragically, they are too ill. Research shows that the majority of people in the UK support transplantation. Extensive reference has been made to Wales, and we shall study those proposals carefully before we respond. But I want to make it clear that the Government do not believe that the introduction of presumed consent, by itself, will necessarily lead to an increase in donor rates. It is important that any Government keep the evidence under review.

As many hon. Members have said, the organ donation taskforce considered the issue of presumed consent in great detail. As my hon. Friend the Member for Cardiff North (Jonathan Evans) said, many of those involved in the taskforce changed their minds, and that is an important point to make. In its second report, published in 2008, the taskforce did not recommend introducing an opt-out system. It felt that an opt-out system would have the potential to deliver benefits but, as my hon. Friend said, it would also present significant challenges that would need to be overcome. Instead, the taskforce believed then, and believes now, that a significant increase in donor rates can be achieved by acting on the recommendations in the first report.

The UK needs to maximise its potential for donation and make organ donation a usual part of health care. We still believe that the implementation of those recommendations will result in an increase in organ donation rates at least 50% by 2013, and that is still on track. Through NHS Blood and Transplant, the number of specialist nurses, clinical leads, donation committees and donation chairs in acute trusts have all increased, and that has borne considerable fruit—since 2008, an increase of 31%, up from 28% —those are the most recent figures.

Some studies suggest a link between presumed consent and higher donor rates, but closer examination shows the picture to be very much more complex—my hon. Friend the Member for Kettering (Mr Hollobone) was so right. Spain has been quoted at length. It has a donor rate of 32 per million of population, compared to the UK's 16 per million. They have presumed consent, but the architect of the "Spanish model" has repeatedly stated that the legal basis of consent is irrelevant to organ donation. What is critical is the organ donation and retrieval system in place, with highly trained staff and a well-designed donation framework, supported by high public awareness of the issues and benefits. We need awareness and a conversation with our families. In

[Anne Milton]

practice, I doubt whether there is a surgeon anywhere who would take an organ from somebody without the consent of their family.

I am pleased to report that organ donor rates have increased by around 31% since 2008 and we are on track to meet the 50% improvement. On top of that, over 18 million people, some 29% of the United Kingdom population, have added their name to the organ donor register. In 2010-11, there was a record number of deceased organ donors—1,010 donors compared with 745 in 2001-02. That year also saw a record number of transplants from deceased and living owners—3,740 transplants were carried out in the UK, compared with 2,600-odd in 2001-02. However, despite the progress, there is still a shortage of organs and I am surprised that more has not been made of the inequalities that surround this issue.

The situation is very serious for people from African-Caribbean and Asian backgrounds, who are three to five times more likely to need a kidney transplant. Almost a quarter, 23%, of patients waiting for a kidney are from black or minority ethnic groups but they make up only 8% of the UK population. Three quarters of people from a BME background refuse organ donation when asked, compared with an average figure of 40%. There is particular and specific issue, which we need to address, but it is not insurmountable. We need more people from BME communities to register to donate their organs and, more widely, there needs to be a greater understanding in BME communities of the problems that they face—a greater need for kidney transplants, longer waits and less well-matched organs being donated for their communities.

We cannot be complacent and must carry on the work of the previous Government through schemes such as the give and let live initiative; requiring people to answer a question on organ donation when applying for a driving licence on-line; signing on the organ donor register when applying for a European health insurance card or a Boots advantage card; and specific initiatives within the black and minority ethnic populations, like working with faith organisations, radio stations, charities and community groups. What we really need is for people to sign up to having a conversation with their families. That is what really matters.

Work continues at every level on referring and procuring organ donors. We are also trying to make organ donation a usual part of end-of-life care. I hope hon. Members will think on that for a moment. When we think about making organ donation a part of end-of-life care, one realises what a complex, emotional and sensitive issue this. The hon. Member for Llanelli (Nia Griffith) mentioned families talking about this matter. That is so critical, so that when tragedy comes, the transition to donation is simple.

We have set up a transitional steering group, and it will focus on six key areas: increasing consent rates; brain stem death testing in all appropriate cases; donation after circulatory death to be considered in all circumstances; increasing donation from emergency medicine; referral of potential donors; and improving donor management.

I thank hon. Members for their thoughtful contributions. I know that this is an emotive issue that raises strong feelings. We need an evidence-based approach. I thank all those in this country who have donated the organs of family members in the midst of the turmoil of death. That death has and does give life to others—not just one person, but often two, three or four people. Nothing can ever relieve the burden of grief or loss, but nothing can replace the gift of life that organ donation represents. We have to use every tool at our disposal to increase those donation rates. We have to remind people, at every opportunity, that this is about a gift of life and in particular focus on those communities that are more disadvantaged than others.

Water Bills (South West)

10.59 am

Dan Rogerson (North Cornwall) (LD): It is a pleasure to serve under your chairmanship this morning, Mr Crausby, and I am very grateful for the opportunity to cover this particular topic. It will not be for the first time, I must say. Those who have sat in your position over the years have seen many debates secured by Members from our part of the world on this huge issue for our constituents: very high water bills.

We have moved on a little since we last met. I recall being here in March for a debate secured my hon. Friend the Member for Torbay (Mr Sanders), at which point we were still looking at how the responses to the Walker review of 2009 would come forward. We now have a concrete response from the coalition Government, about which I am delighted. Politicians are always looking out for our constituents, so there are one or two things I want to ask the Minister later, particularly about social tariffs and WaterSure, but I would like to start off the debate by congratulating the Department and the Minister's colleagues across Government for the contributions they have made.

It bears repeating why we are in this situation and what the experience of our constituents has been in Devon, Cornwall and the west of Somerset and Dorset over the past couple of decades since privatisation. At the time of privatisation, there was an aspiration on the part of the Conservative Government to see private investment coming in to develop infrastructure that had been neglected. There is no doubt that it had been neglected for decades, but there was huge concern at the time from those who could not see how competition could work in a sector where there was one main supplier and one main company dealing with waste. That has been an issue, in that no sort of market emerged, unlike in other privatised industries.

The key question for us in the South West Water area was one of infrastructure. The company was able to do a huge amount, both to deal with the environmental legacy that it was left and to meet the requirements set by the Government and the European Union. We welcome that, of course. Organisations such as Surfers Against Sewage, which has been around and done fantastic environmental work over the years, were at the forefront of holding Government and industry to account to deliver on their commitments and obligations. While we have seen progress, investment can only be secured against an income stream. The company had to seek that investment—get investment from shareholders and go to the markets for money—on the basis of an income stream.

In Cornwall and south-west England, we have seen a huge legacy of environmental works that need to be carried out, to a far greater degree than any other part of the country. I refer to the fact that the population of Cornwall accounts for 3% of the population of England, but we have 30% of the coastline. That is an easy way to illustrate the scale of the problem; we have a large amount of work to do, but a relatively small population to pay for it, despite the fact that the coastline is a national treasure, if you like. It is enjoyed by people from across the country who come to take advantage of it. We have the south-west coast path and all sorts of attractions for people to come to enjoy the beaches and countryside of Cornwall and Devon, but we have not had a way to capture a contribution from those people towards the maintenance of infrastructure. It falls to people living closer to that national asset to pay for the whole lot.

There has been some concern in the press recently about the policy of contribution outlined in the Budget and referred to in the autumn statement, and the money set aside to help in this regard. There was an article in *The Times* last week, in which there were rumblings from other parts of the country about how unfair this was. I do not think that that unfairness exists; this is a much fairer solution to a problem that people in my constituency and those neighbouring it have experienced for a couple of decades. There is still, however, a lack of understanding. We have perhaps not made a big enough effort at national level to get across to those who are concerned in other parts of the country just why there is a desperate need.

Andrew George (St Ives) (LD): First, I congratulate my hon. Friend on having secured this important debate. I would like to congratulate the Government and welcome the announcement in the autumn statement yesterday, although I have to say that it was a 20-year ask. My hon. Friend referred to WaterSure and the social tariff. Does he agree that the statement yesterday does not mean that we should not also make a strong case for an equitable outcome with regard to the future statement on WaterSure and the social tariff when the water White Paper comes out next week?

Dan Rogerson: My hon. Friend is absolutely right. Earlier, I hinted that I would return to that, and of course he understands that further questions remain, which, if settled fairly and equitably, could ensure that the contribution set aside in the Budget has the maximum impact, and that none of its benefits are lost through unintended consequences with regard to tariff schemes.

Anne Marie Morris (Newton Abbot) (Con): I am grateful to the hon. Gentleman for giving way and would like to add my thanks to the Government for what is undoubtedly a great contribution to our household bills. Is my hon. Friend expressing concern that, while that is a good first step, we want to ensure that the benefit is not eroded by future changes? There is the prospect of further EU directives impacting on the cost of preserving our beaches.

Dan Rogerson: We must always have an eye on those sorts of costs and look at any other measures that the Government introduce to deal with the emerging issue of water poverty, which is unfortunately catching up in other parts of England and Wales. Any measures to tackle that should not undermine the good done in the recent announcement.

The time of privatisation in the late 1980s was particularly fraught in my constituency, because it coincided with a water poisoning incident at the Lowermoor treatment works, which is still controversial today. A link was drawn between the fact that there was no inquiry into the incident at the time and the fact that privatisation was under way. I must say that that feeling still exists in the minds of many who feel that they may have been

[Dan Rogerson]

affected by that incident. There is an ongoing inquest in Taunton that is finally getting to the bottom of some of those questions. I pay tribute to Doug Cross for all the work that he and his fellow campaigners have done on that issue over the years.

We then moved into the period when it became apparent that all of this work needed to be done. It was done, and there have been huge improvements in water quality, with benefits to the local community and people from further afield who can come and enjoy our wonderful environment. After the departure of the last Conservative Government, we moved into the period of the Labour Government. I pay tribute to Linda Gilroy, a former Member who campaigned a lot on this issue. It was very helpful to have one Member on the Labour side—they were few and far between, and it is even further between in the south-west now—and she very much engaged with this, and was seeking a response.

Right at the end of the previous Government we had the Walker review. At the last gasp of their term in office, they finally had that review. I must say, however, that we had the feeling at the time that there was not going to be the kind of response that we wanted to hear, in terms of national recognition of this problem. We wanted the recognition that it needed to be handled at that level rather than by the relatively small population in the area. I was frustrated by the attitude of Ofwat in all of this. They could have played a much stronger role in advocating to the Government on the issue of unfairness and the problems it causes for bill payers and the industry in the south-west.

We move on, however, and we now have a coalition Government who put their determination to do something about this in the coalition agreement. I pay tribute to the Chief Secretary to the Treasury on the Liberal Democrat side, and to the right hon. Member for West Dorset (Mr Letwin) on the Conservative side. I know that both of them are determined to work with DEFRA to deliver on this and ensure that that commitment is met. However, with the very welcome £50 contribution towards each household's domestic bills in the South West Water area, there are further decisions to be taken around WaterSure, which is a scheme that helps people who are in the most need with their bills. It is funded by a form of cross-subsidy from billpayers. The crucial question is whether that subsidy is a within-region subsidy, or whether it is a national one.

I have heard the view that it should just be within the water company's area. However, that is a dangerous road to go down, for the following reasons. First, I believe that it should be about meeting need, wherever that need may be. Even after this £50 contribution to high water bills per household in the south-west, we will still have the highest water bills in the country, by some way. If we compare the average £517 annual charge in the south-west—and that is the average, of course; those who are unmetered will have a much higher charge—with the Thames Water figure of £319, we see that there is a £219 difference. The £50 will close that gap a bit, but it will still be considerable.

I accept that that is as far as the Government could go with that measure of financial support in the Budget. However, for customers still struggling with those high water charges, WaterSure is a lifeline. For those who are just above that threshold, as always, we have this issue. It would be unjust, having at last secured recognition and support from the Government, to see some of that £50 clawed back in a significant way to fund WaterSure, and also further in regional social tariffs, which is something that water companies are exploring.

South West Water have really engaged in this process. As a private company, it is a tricky thing for it to do; confronting the fact that it has the highest bills is perhaps something it does not want to talk about. However, I pay tribute to Chris Loughlin and the management of the company, who have been absolutely straightforward about the fact that this is the problem they are facing. They want a solution, and they want to play their part in driving forward efficiencies in the business. They were honest about the situation that we face.

South West Water also want to do more with social tariffs. However, the issue for the company is that if we were to have WaterSure funded only within the South West Water area, that would mean that every bill payer who is not on WaterSure would be paying approximately £3.41 towards those who are, whereas across the country the average funding for WaterSure on bills—I am sure the Minister will correct me if I get this wrong—is 30p to 40p. That is a far fairer way of dealing with the issue. Just because someone happens to live in the south-west, they should not be affected by these social tariffs to a greater degree than people elsewhere. The need for people to be on social tariffs in the South West Water area is much higher than in other parts of the country, because the bills are higher, but also because, despite what some might feel about the leafy south-west, it is an area of great poverty. My own region of Cornwall is in receipt of convergence money from the European Union in recognition of the fact that, sadly, our economy still has some way to go to catch up with the wider UK economy.

Another parallel that could be drawn is the issue of additionality. It was always a battle under the previous regional development agency regime to say that, just because we are getting the convergence money, we should not miss out on our fair share of the regional development agency's money as well. It is supposed to be additional, to help us get to parity with everybody else. This £50, welcome though it is and a tribute to how the coalition Government is tackling these problems, should be in addition to WaterSure and social tariffs that come along. It is not a replacement for them. While the Minister's Department is looking further at how these social tariffs could play a role in meeting that need, my key point today, in thanking the Minister and the Government for what they have done for our constituents with this £50 assistance, is to ask that when we return to the issue of WaterSure and social tariffs, we should, as far as possible, make them fair and focused on individuals, no matter where they are in the country, rather than being in some kind of fortress south-west, because we would then be taking a step back, having made a step forward. I would hate the Government to be doing that when they are at last making great progress on an issue which has been a huge problem for us over the past two decades.

11.15 am

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): First, may I congratulate my hon. Friend the Member for North Cornwall (Dan Rogerson) on introducing this debate in an extremely timely manner. Perhaps if it was this time yesterday he would have been extolling the Government to take yet more action, and I am very glad that we were able to deliver. It has been a feature of Parliamentary life that when two or more south-west MPs are gathered together, the issue of water charges is raised, and as the Minister responsible, I am well aware of its importance to a huge number of his and other hon. Friends' constituents in various constituencies across the south-west.

This is a really important issue for those people, and I recognise the important point that my hon. Friend made at the end: welcome as the measure is, he and other Members from all parts of the House will continue to push on this issue until they feel that greater parity has been achieved in water charges. As he knows, the average water and sewerage bill for household customers across England and Wales is £356, but the average for South West Water, before we implement these changes, is £517. He and other hon. Members will have dealt with cases of constituents, many of them in extremely straitened circumstances, whose bills are considerably higher. I recognise that this is an ongoing discussion and one that I am keen to continue to have with hon. Members across the south-west.

I am delighted that the Government were able to announce details of support for customers of South West Water in the autumn statement yesterday. Every South West Water household bill, as my hon. Friend says, will be reduced by £50 a year. That follows the commitment made in the Budget earlier this year to use public expenditure to support households facing high bills. The Government had to act. In her review, Anna Walker identified the fact that households in the south-west of England faced the highest water bills in the country, because at the time of privatisation, South West Water had the lowest levels of infrastructure required to protect drinking water quality and safeguard the wonderful environment that my hon. Friend so accurately described. This was the biggest challenge facing any water company at privatisation and in the 20 years that have elapsed since then, South West Water has invested around £2 billion to raise sewerage standards to the same level as elsewhere.

Local people have benefited though improved water quality, reduced leakage, cleaner beaches and bathing water, but—and it is a very big but—the cost has been met by those customers. The Government recognise that circumstances faced by customers of South West Water are exceptional and unfair. We are now addressing this historic issue and will contribute to the cost of reducing bills. We looked very closely at Anna Walker's recommendations, and that was a feature of the debate that my hon. Friend secured some months ago in this Chamber. We decided that each household customer should receive an annual discount on their water bill. I am very grateful to all the south-west MPs who have doggedly raised this issue and demanded action. It is in the hon. Gentleman's character to be big enough to recognise the input from Members of all parties and, of course, to Linda Gilroy, who raised this question in her time in the House.

This is a fairness measure: a payment to all South West Water household customers to redress an historic unfairness. This debate comes just ahead of the water White Paper, of which a key theme is affordability. South-west MPs have often raised with me and my predecessors individual cases of people in their constituencies who really struggle to afford their bills. Thankfully, even before yesterday's announcement, South West Water had taken action to address the region's particular set of circumstances and to tackle affordability problems. The company has a free debt helpline that helps customers to set up payment plans, it offers water metering and water conservation advice, and it recognises that many people are able to reduce their bills and to use water more efficiently by having a water meter.

I echo the words of my hon. Friend the Member for North Cornwall about Chris Loughlin and his team. I have worked closely with them, and they have an absolute and genuine determination to address the issues. South West Water works with local citizens advice bureaux and other experts, and it has introduced a range of initiatives to help those who find it difficult to pay their bills. It has established an advice gateway with south-west citizens advice bureaux and it trains and sponsors CAB debt advisers. Advice agencies such as the CAB can refer struggling customers to the company's water care scheme and can obtain benefit entitlement checks, tariff checks, water efficiency advice and free efficiency devices.

South West Water also has a scheme for customers who are in debt, and I am very impressed by that work. I have been into households with advisers and seen the impact that they can have on the bills paid by people on low incomes just by installing a very few items or by changing those people's behaviour, including what they do and how they use water throughout the day. That can have an enormous effect on household bills, but I recognise that, in this context, it might still be only a relatively small proportion of bills. In doing that, South West Water and companies with similar schemes have recognised the benefits to customers, and also to the company. I applaud such schemes, which are designed by water companies to tackle local problems in their region. Many companies in other Members' constituencies have similar excellent schemes.

Water affordability problems are not confined to the south-west. Across England and Wales, 23% of households spend more than 3% of their disposable income on water and sewerage charges. Some 2.5 million households are spending more than 5% of their disposable income on water. That is a very important issue and one that the Government take very seriously. That is why water affordability will be a key theme in the upcoming water White Paper. We will commit ourselves to a long-term and a short-term set of actions to ensure that water bills are affordable.

WaterSure, to which my hon. Friend the Member for North Cornwall referred, will continue. It will be supported by social tariffs, which will enable water companies to design locally appropriate schemes. We believe WaterSure is really important, but we recognise that its criteria mean that it deals only with families who have a relatively large number of children—three or more—or with elderly or infirm people who require more water because of

[Richard Benyon]

their circumstances. I have been persuaded by the many moving cases that have been put to me by colleagues about the circumstances of particular constituents.

I recognise the importance of WaterSure in addressing the concerns of those individuals, but I also recognise that about 50,000 people are currently claiming. WaterSure can therefore only ever help a small group of people in water need. That is why company social tariffs, on which we are consulting, are so important. When the consultation ends in January, we will quickly announce the guidelines for those enormously important tariffs.

Dan Rogerson: The Minister is being very helpful. On the groups who are covered by WaterSure, the south-west not only has many people on low incomes, but it has an ageing demographic because of the huge inward migration of older people and the outward migration of younger people. If WaterSure could be established with a national coverage, it would ensure that when people spend their active working life in another water region of the country and then end up in the south-west—I hope, to live a happy and long life in retirement—we had a fairer distribution of the cost. Otherwise, that will all have to be funded within the region.

Richard Benyon: My hon. Friend makes a very good point. However, the other important point to note is that the fact that the south-west has a much higher percentage of households on meters is good for those particular people, because they very often use much less water than larger families or households in multiple occupancy. That offers a really effective way not only of paying proportionally lower bills, but of managing problems—for example, they will know much sooner, if they are on a meter, if there is a leak. I applaud the work done by the company. We want to see such work developed not only in the south-west but elsewhere, and we will encourage that.

Andrew George: The Minister is speaking about the crux of what will no doubt appear in the water White Paper next year. The impact of the flat £50 per household reduction is welcome. It will apply irrespective of whether households are wealthy second home owners on water meters who therefore have relatively low bills or the large number of local families in straitened circumstances. It is those families for whom a nationally equitable solution is required because, despite the £50 reduction, they will still face considerable bills.

Richard Benyon: First, I can say to my hon. Friend that he will not have to wait until next year for the water White Paper, which is much more imminent. I cannot tell him precisely when, but it will be very soon. Secondly, the White Paper will examine the whole range of affordability issues and solutions. I hope that the package we introduce will make a real difference.

My hon. Friend and all Members who represent the south-west will recognise that that will require legislation, which is why I cannot promise that it will be delivered before April 2013. I wish it could, but we are convinced that primary legislation is required, although we hope to deliver it in time for the start of the financial year in April 2013.

Company social tariffs will allow water companies everywhere to reduce the bills of those who would otherwise be unable to afford them in full. In conjunction with the excellent existing support schemes and advice, companies will be able to design the right tariffs for their region. We want all companies to introduce social tariffs as part of a package of advice and support for customers about affordability and efficiency. I hope that hon. Members, advice organisations and environmental organisations will work with water companies to design the best schemes for their regions.

Before I conclude, I just want to express again my appreciation to hon. Members across the south-west for their efforts in bringing forward this matter, and my determination to continue this discussion in the future.

11.28 am

Sitting suspended.

Scotland (Poverty)

[MR JOHN ROBERTSON *in the Chair*]

2.30 pm

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): I am grateful for having been able to secure this debate on poverty in Scotland on 30 November, St. Andrew's day, which is also the day of industrial action in support of public sector workers and their pensions. Nothing could be more relevant to the working people of Scotland today than highlighting the threat of the growing poverty in our nation and the attack on workers' rights by this ideologically driven, right-wing coalition Government. As I describe the Scotland I know, the reality of poverty and the threatened growth in poverty which is facing Scotland, I hope that the Minister will reflect and respond from his perspective of Scotland—although I have my doubts that there will be a shared perspective.

We Scots are often portrayed as a bit sentimental about Scotland, especially on occasions like Burns night or St. Andrew's day. I want to talk about the reality of poverty in Scotland today. I do not think that the Minister will want to use any notes from my speech at whatever St. Andrew's night bash he graces this evening. The national heroes and heroines to whom I would like to pay tribute are the anti-poverty organisations such as the Child Poverty Action Group in Scotland, the Poverty Alliance, the churches and other umbrella groups, bringing together those committed to seeing a fairer, more equal Scotland. The heroes and heroines to whom I would like to pay tribute are those in the unions and the Scottish Trades Union Congress who stand up for people's rights at work and who fight the scourge of unemployment and the attack on working conditions. That is the Scotland to which we should pay tribute today.

I would like to acknowledge the excellent work done by John Dickie, head of CPAG Scotland, particularly for producing the book "Poverty in Scotland", which contains some relevant facts and figures to which I shall refer. How do we measure poverty? People are considered as living in poverty if they live in households with less than 60% of median household income. That is the key measure used by the UK and Scottish Governments and by the European Union. Using that measure, and after housing costs are taken into account, the latest official data show that a single person is in poverty if he or she is living on less than £124 a week. A lone-parent family with two children aged five and 14 are in poverty if they are living on less than £256 a week, as is a couple with two children aged five and 14 on less than £346 a week—which is just over £12 a day, and not a lot to cover food, fuel bills, household goods and transport, never mind school trips, family visits and leisure activities. About 970,000 people in Scotland live in poverty—19% of the population. About 250,000 children live in poverty—25% of all children. Poverty in Scotland and across the UK is significantly higher than in many other European countries. In Denmark and Norway fewer than 10% of children live in poverty, while Germany has a poverty rate of 15%.

One would have thought that poverty levels in this day and age should be falling, but not any more. Yes, real progress had been made specifically among children—the numbers went down by 100,000 between 1996-97 and 2004-05. The number of pensioners in poverty has decreased by nearly two thirds since 1996-97. However, since 2007 there has been no overall reduction in child poverty or in poverty among adults of working age.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): I am grateful to my hon. Friend for giving way and I congratulate her on securing this debate. Given her comments, does she share my disappointment and anger at the fact that 10,000 children in Scotland are likely to be forced into poverty as a result of the tax and benefit decisions made by the Government yesterday?

Sandra Osborne: Absolutely. I will come to that point later.

These trends follow dramatic increases in poverty between 1979 and the mid-1990s. Perhaps, like me, the Minister remembers those years and can offer a view on what caused that to happen and on whether we are heading back in that direction, thanks to his Government's policy. That is exactly the direction in which the Government are taking Scotland. Cuts and reforms currently in train will have a significant negative impact on individuals and communities across Scotland and on devolved issues such as housing, child care, health, social care, equality and anti-poverty policy as a whole.

In June 2010 the Chancellor promised a Budget that would be tough, but fair. He announced an increase in VAT to 20%, a two-year pay freeze for public sector workers, a three-year freeze in child benefit and a tightening of housing benefit entitlements and eligibility for child tax credits, among other austerity measures. Coupled with the comprehensive spending review last October, those measures represent some of the most regressive in living memory. Yet, in the same breath, the Government claim that we are all in this together.

Fiona Bruce (Congleton) (Con): I thank the hon. Lady for giving way. Does she not recognise that if the Government had not had to make these difficult decisions, the position for children growing up in Scotland—and, indeed, their children for generations to come—could have been far worse?

Sandra Osborne: My point is that the cuts have not been made in a fair and even manner, as the Government promised. I will develop that point later.

It is all too evident that the impact will fall disproportionately on vulnerable groups and on those who deliver the services on which those groups depend. Those are not just my views; there has been widespread condemnation from campaigning groups and third-sector organisations in Scotland that the budget and austerity measures will further increase poverty and inequality.

As my hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz) said, in yesterday's autumn statement we heard of further measures. The Chancellor announced the expansion of free nursery places for two-year-olds, helping 260,000 children. But, alongside that, he announced that he would be taking more than £1.3 billion a year from families by failing to go ahead with the planned additional £110 rise in child tax credits and by freezing working tax credits.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): I congratulate the hon. Lady on securing today's debate. This is a very important subject to discuss on St. Andrew's day. Does the hon. Lady share my concern that the

[Dr Eilidh Whiteford]

poorest families will suffer a disproportionate impact from these cuts, and that the 20% of the poorest families in Scotland will bear the brunt?

Sandra Osborne: That is the whole point of raising this debate today.

All this has happened despite the fact that when the Chancellor announced the rise in tax credits he said that it would support 4 million lower-income families, helping to ensure that there would be no adverse impact on child poverty. As the Minister knows, there is now a law relating to child poverty. The Chancellor has now taken that extra support away from the 4 million families. In its distributional analysis of yesterday's measures, the Treasury has admitted that, as a result of the decisions taken by the Government, the number of children living in households with incomes below 60% of the median will increase by 100,000 in 2012-13—which will mean more children living in poverty.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): I thank my hon. Friend for giving way and for securing this debate. When we talk about big numbers, medians and so on, it can sometimes be difficult for people to understand how changes impact on their lives. Is my hon. Friend aware of research done by the Union of Shop, Distributive and Allied Workers which shows that, already, some £989 has been taken from a low to middle-income family as a result of changes to tax credits? That is even before this latest broken promise, with £110 being taken from child credits.

Sandra Osborne: My hon. Friend is absolutely right. We are concerned about the impact on ordinary people. The quicker they realise exactly what this Government are up to, the better.

Who are these people? Alongside children, certain groups are at particular risk of poverty. They include lone parents, women, people who are not working, people affected by disability and people from ethnic minorities.

Mr Brian H. Donohoe (Central Ayrshire) (Lab): I congratulate my hon. Friend on securing this debate. As one of my neighbouring colleagues, she knows full well the problems of unemployment, particularly among young people. Is that not one of the main areas that should be tackled at an early stage—earlier than this Government intend?

Sandra Osborne: Absolutely. I will refer to that later. To say that it is too little, too late would put it very mildly.

Poverty is most prevalent in urban areas, yet there are almost 100,000 income-deprived people in rural areas in Scotland. I would be interested to hear the Minister's views on what he thinks causes poverty. The Tories are quick to identify individual behaviour as a cause of most social ills, but individual behaviour is of limited value in explaining the extent of poverty in Scotland. The key drivers are inequality, low pay, inadequate benefits, poor-quality work opportunities and lack of support for those with caring responsibilities, ill health or those affected by disability. A lack of money leads to the threat of falling into debt, choosing between necessities, going without basics, frequently being caught up in a cycle of dead-end jobs and being unable to save. For children, it means, for example, having less access to safe play spaces and being less likely to participate in arts and drama, sport or other outdoor activities.

While financial inclusion policies have led to significant improvements since 2007 and access to basic financial products, one third of households with incomes of less than £20,000 still have no savings. Those households are also less likely to have the means to participate fully in society more generally. Over half, for example, still have no internet access or car available to them. What is more, they are far more likely to be living in fuel poverty, spending a disproportionate level of already inadequate income on basic— [*Interruption.*]

John Robertson (in the Chair): Order. There is a vote in the Chamber. The sitting will be suspended for 15 minutes.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): On a point of order, Mr. Robertson. How does this affect the timing of the sitting?

John Robertson (in the Chair): The sitting will be delayed for 15 minutes. Extra time will be added, and the debate will still have its full time.

2.41 pm

Sitting suspended for a Division in the House.

2.52 pm

On resuming—

Sandra Osborne: I was about to talk about people who are living in fuel poverty who are spending a disproportionate level of already inadequate income on basic energy bills. Almost 1 million households, more than one in three Scots, now struggle to heat their homes. However, the SNP has cut the budget to help tackle fuel poverty by almost a third, down from £70.9 million in 2010-11 to £48 million in 2011-12. Dr Brenda Boardman from Oxford university, previously lauded by First Minister Alex Salmond, has said that Scotland has some of the worst fuel poverty in the UK. She describes the SNP's cut in the fuel poverty fund as a real slap in the face for the fuel poor.

Dr Whiteford: I know that fuel poverty is something that is also taken extremely seriously in my constituency, partly because people do not have access to social tariffs on low incomes. They also often have trouble accessing broadband. But will the hon. Lady accept that the SNP Government have done more than previous Labour Governments ever did to address fuel poverty in Scotland, and are making record levels of investment in their energy assistance package and with other measures?

Sandra Osborne: I think that they flatter to deceive. Measures have been cut, including what I have just described. As I say, it is not just from me, it is from a very eminent professional who is an expert in the field. At the end of the day the Scottish Government will decide how to implement the budget in Scotland.

Not surprisingly, poverty means lower levels of mental wellbeing, shorter lifespans and more ill health. Those in the lowest 20% of household incomes, particularly women, are far more likely to suffer from depression, anxiety and attempted suicide, while men living in the most deprived areas have a life expectancy of more than 11 years shorter than those in the 20% least deprived areas of Scotland. The situation in Scotland is very serious. Here I would like to pay tribute to Campbell Christie, the former STUC leader and another truly great Scot, who recently passed away but who chaired the Scottish Commission on Public Services. Its report said:

"Members of the commission have been struck by just how much public spending is skewed by that bottom 20% in terms of poverty, unemployment, health and all the factors that go with it—and how little progress has been made on that bottom 20%.

If you are going to do anything, you should relentlessly target resources at the bottom 20%. That would bring Scotland up overall: it's not just a moral case for social justice; there's a strong economic argument too."

A recent national survey revealed that six of the 10 worst areas of Britain are on the west coast of Scotland, including areas of Glasgow.

In any debate on poverty, certain key assertions must be made. First, income and material conditions remain the most fundamental determining dimensions of poverty. Political and policy emphasis on non-income dimensions of poverty must not be used to draw attention away from the fundamental causes of poverty—lack of money.

The policy can work. The Labour Government's commitments and policy action that boosted pensions, benefits, tax credits and wages and removed some of the barriers to work have had an impact, with child and pensioner poverty significantly lower than in 1997. Other policy interventions that should be welcomed include a focus on more equal health outcomes and commitment to the idea of a living wage, although when that was put forward in South Ayrshire by Labour, the SNP Tory administration voted it down. We need more investment and income maximisation, statutory commitments to tackle child poverty and improved access to debt solutions.

Labour made huge strides in government, both in Westminster and at Holyrood, to tackle youth unemployment in Scotland. Again, the clock has been turned back. Youth unemployment is rising fast. Behind these figures is a generation of young Scots, rich in talent, full of potential, with a hunger to work. Yesterday's announcement in the autumn statement was too little, too late. It will be next April before it even kicks in, which has meant two years of inaction, and equates to £121 million a year, a fraction of the £600 million this year alone which Labour would spend on a youth jobs fund through repeating the bank bonus levy.

Dr Whiteford: Will the hon. Lady join me in welcoming the initiatives of the Scottish Government to ensure that every 16 to 19-year-old in Scotland who is not in full-time education will have a training place or an apprenticeship or a job?

Sandra Osborne: I would very much welcome any measures that are taken in Scotland on youth unemployment, but it does not help when the SNP Government choke off opportunity by cutting funding for the country's colleges. I attended the graduation ceremony at Ayr college the other week and I was very impressed by the students' achievements, but the level of cuts that the college was facing—10% this year and 20% over the next two years—was very depressing. There have already been job losses and the college has been told to concentrate on 16 to 19-year-olds. That is fine, except that it takes places away from adult learners.

I received all my education, such as it is, as an adult, and I want young people as they grow older to have cradle-to-grave education, not just between the ages of 16 and 19. That is also needed for the economy.

I refer now to research from the Centre for Regional Economic and Social Research at Sheffield university. It calculates that the headline total of 2.6 million men and women on incapacity benefits is set to be cut by nearly 1 million by 2014. Most of these will be existing claimants who will lose their entitlement. The report shows that, because of the reforms, 600,000 are set to be pushed out of the benefits system altogether, forcing a big increase in reliance on other household members for financial support.

The researchers also show that by far the largest impact will fall on the older industrial areas of the north, Scotland and Wales, where local economies have been struggling for years to cope with job loss and where the prospects of former claimants finding work are weakest. Glasgow looks set to be hit 10 times harder than, for example, Kingston upon Thames. In common with many of my colleagues here, these are just the types of areas that we represent where it has been very difficult to recover from industrial decline in the past. This is not going to help.

Mrs Anne McGuire (Stirling) (Lab): Does my hon. Friend accept that it is not just the loss of individual or family income, but the loss of a significant amount of spending power within already deprived communities which will have an impact on the wider community and not just on the individual family?

Sandra Osborne: These issues affect the whole community, which is why in many ways high unemployment is a false economy. It would be far better invested in the communities. Professor Steve Fothergill, who co-authored the report, said:

"The large numbers that will be pushed off incapacity benefits over the next two to three years are entirely the result of changes in benefit rules. The reduction does not mean that there is currently widespread fraud, or that the health problems and disabilities are anything less than real."

He then goes on to say that

"the estimates show that the Coalition Government is presiding over a national welfare reform that will impact principally on individuals and communities outside its own political heartlands."

The Minister will be painfully aware that Scotland certainly meets that description.

I do not have time this afternoon to go into the detail of the Government's Welfare Reform Bill, but behind the stated intention of rolling up most means-tested benefits into a universal credit and making work pay, there are significant increases in the conditions attached to entitlement, and draconian sanctions for those who fail to meet these conditions. Welfare benefits cuts of £18 billion over the next three years, in conjunction with the proposals in the Welfare Reform Bill, will have

[Sandra Osborne]

a hugely negative effect on Scotland's poorest communities, families and individuals. These measures will be across the whole of the UK, but will also cut across a whole raft of devolved responsibilities. They deserve the united resistance of Scottish MPs and MSPs.

Attention must be refocused on to the privileges and lifestyles of the affluent and rich as much as the more disadvantaged. The Government must tackle the banks and fuel companies rather than focus on hitting public sector pensions.

Recently my constituency Labour party launched a plan locally at a public meeting in Ayr: Labour's five-point plan for jobs. We heard a compelling argument for why this is needed from STUC deputy Stephen Boyd. He said that in Scotland we have a huge full-time employment deficit; that is the deficit that the Tories do not want to talk about. There are more than 150,000 people who want to work in full-time jobs but are currently unemployed. There are also the underemployed, and the economically inactive but wanting to work. There is a total of almost half a million Scots who want to be in full-time employment but are not. Jobseeker's allowance claimants in East Ayrshire are up 86% on last year, and they are up 65% in South Ayrshire. These are frightening figures. The number of claimants in the last six months in these areas is up 300% and 400%.

Mr Alan Reid (Argyll and Bute) (LD): I am grateful to the hon. Lady for giving way. I sat through her speech, which contained a lot of criticism of the Government, expecting her to come forward with solutions, but they have been lacking. For all of these spending projects that she has talked about, will she tell us by how much she wants to increase Government spending? What taxes will she put up to find the money? The only source of revenue she indicated was a bankers' levy bonus tax; will she tell us how much that would raise and the rate at which it would be set?

Sandra Osborne: I do not have the figures to hand, but I actually referred to a number of policy initiatives that could be taken and were taken by the last Labour Government. I could go back into my speech and read out Labour's five point plan for jobs, but I am aware that other Members would like to speak and I was genuinely trying to curtail my remarks. I will let the hon. Member know about it later.

I firmly believe that there is more than one Scotland, just as there is more than one Britain. In the end, how you see Scotland depends on your perspective, your politics and your priorities. To paraphrase Nye Bevan, socialism is a language of priorities, just a very different set of priorities. The trouble with the SNP is that, for all its rhetorical nationalism, there remains a single priority: independence. Today should be a day for getting away from the tired, endless wrangling over constitutional issues and the protracted debate over the long-time-coming independence referendum. It should be a day for getting away from the SNP's dangerous lottery, playing with people's jobs, incomes and life chances, ignoring all of the warnings, crossing their fingers and hoping for the best. Today is a day for concentrating on the real Scotland—a country of huge achievement and potential, and a country rich in diverse cultures, but a country that also knows the reality of poverty and the risk of increased poverty to come unless it gets the political leadership and policies it needs for a better way forward.

3.5 pm

Ann McKechin (Glasgow North) (Lab): It is a great pleasure to serve under your chairmanship this afternoon, Mr Robertson, and may I congratulate my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne) on securing this important debate and providing an opportunity for all of us to reflect that the scale of the problem of poverty in our own country deserves much more time and attention than it receives. In a month when it was reported that the number of pauper funerals in Scotland exceeded 5,500 in the past year, and when a report from the university of Sheffield Hallam stated that Glasgow was the worst area in the United Kingdom for incidences of hunger, it is truly remarkable that we have not one but two Administrations who barely feel able to mention the subject in any of their pronouncements—one largely because of their indifference, and the other in sole pursuit of their one goal, so that if anyone dares make a critical reflection they are talking Scotland down. I do not believe that either serves our country well. Only when we start to talk openly again about poverty will we be able to rise to the challenge.

I would like to focus my remarks today on a couple of points that I believe must be urgently reconsidered by the Government if we do not wish the poverty figures to rise even further. I will start on housing, and in particular the impending changes in housing benefit. The majority on this form of benefit are not on unemployment benefit, but they do represent fairly accurately those who are on the lowest level of income. Shelter Scotland reports that this year only one in eight of all housing benefit claimants is unemployed. The rest includes pensioners, carers and disabled people unable to work. In Scotland, about 19% of people in receipt of local housing allowance are in employment.

The vast majority of those in receipt of the benefit in Scotland are living in rented social housing, and a good percentage of those who are renting privately are occupying former social housing. Prior to introducing the new regulations, which will commence in stages from this year until 2013, the UK Government conducted absolutely no evaluation of the rented housing sector in Scotland, be it the availability in each local authority area of multi-occupancy property or the availability of one-bedroom houses. If I asked anyone living in Scotland, however, to take even a wild guess about what may or may not be available I would imagine just about everyone could anticipate that, outside the major cities, there would be very little multi-occupancy households and that most social housing in Scotland consisted of houses with two bedrooms or more.

Lord Freud in the other place apparently believes in some imaginary world where suitable property will spring from the bowels of the earth in a wonderful free market to allow housing benefit recipients to comply with the new regime rather than live in what he believes is "luxury". Unfortunately, I remain unconvinced, and so do the Convention of Scottish Local Authorities; the Scottish Federation of Housing Associations; Shelter; the Scottish Government; and many other informed groups who I have met over the last year to discuss this issue.

If I take just the change in the age threshold for claiming the single room rate, which will be increased from 25 to 35 in April next year, according to figures I requested from the House of Commons Library in January, there are only, for example, 20 multi-occupancy registered homes in the entire Angus council area, but, according to an official answer from the Scottish Government, as of last year there were 100 single people aged 25 to 34 years in receipt of local housing allowance in that area. In North Ayrshire the figures are even worse. There are seven houses of multiple occupancy and 280 people aged 25 to 34 years in receipt of LHA. Where are these people—about 7,500 throughout Scotland—expected to stay?

Mrs McGuire: Does my hon. Friend also accept that the pressure on multiple-occupancy housing is even greater in a city such as Stirling that has a university population? Those who look to conform to the new housing regulations will find themselves in even worse straits than she has indicated in other areas.

Ann McKechin: My right hon. Friend is absolutely correct—that is a point I am about to make. I, too, represent an area that has a university community, and we continually have difficulties about multi-occupancy. Again, the UK Government have completely failed to consider new regulations put in place as a result of legislation that has gone through the Scottish Parliament.

Many local authorities and social landlords have progressively moved away from multi-occupancy lets due to problems with management and its unpopularity with other tenants and communities. In Angus, the difference between the rental level for a one-bedroom home and a shared home rate is £20.77 a week. For people who are unlucky enough to live in rural Aberdeenshire, it is £49.61 a week, because they are sitting in the midst of an oil economy, with rentals to match. Inevitably, people will be pushed into our cities, regardless of where their job is, in a desperate effort to find accommodation.

As I have mentioned, the UK Government have given no thought as to how local communities may feel about the expansion of multi-occupancy housing in their areas. I know from experience in my constituency that there have been examples of the dumping of people in bed-and-breakfast accommodation from other local authority areas, because those areas had no or very few such places available. I can only imagine where all those hundreds of people in north Ayrshire, for example, will have to go—I think that most of them will end up in Glasgow.

Dr Whiteford: The hon. Lady is making some important points about the housing situation. Will she reflect on the situation for pensioners who might also be affected by the under-occupancy rules that are coming in and the fact that suitable one-bedroom properties are simply not available, particularly those on a flat level for people with mobility issues?

Ann McKechin: The hon. Lady makes a good point. I know that that matter is not currently covered in the regulations proposed by the Government. However, should there be any further expansion, we would be looking at something close to a total collapse of social housing, because of the sheer numbers of people, particularly pensioners, who are living alone in properties with two or more bedrooms.

One change due in 2013 is that housing benefit will be restricted for working-age claimants in the social rented sector to those who are occupying a larger property than their household size. Do the Government know how many will be impacted by that change? Why do I bother to ask them, because they have no desire to find out?

It has been estimated from the family resources survey that Scotland-wide there are approximately 100,000 households in the social rented sector in receipt of housing benefit where the accommodation is currently under-occupied. We do not, however, know how many of those are rented to retired tenants compared with those of working age. Glasgow Housing Association, which is Scotland's largest social landlord, has estimated that roughly 13% of their entire housing stock will be affected by just that one change alone. That represents thousands of tenants in just one city in our country.

Such a change may occur simply because an adult child leaves home, even if the family still have children of school age. A family may be forced to move out of a property that they have lived in for many years and in some instances to move many miles from the community in which they are settled—or they might fall into rent arrears, or they could just eat less, or they could not heat their home. That is the reality of the real choices that thousands of low-income families will now face.

Mr Reid: I share some of the concerns that the hon. Lady is voicing. However, it is important to point out that the regulations have not yet been drawn up, so she cannot predict that such things will happen until we see the regulations. I certainly hope that they will be framed sensibly to take into account the issues that she is raising.

Ann McKechin: The proposals are currently in the Welfare Reform Bill. I hope that he and the Minister will think again and will persuade their colleagues in the Department for Work and Pensions and Lord Freud in the other place, who seems to be utterly resistant to making any changes to the clauses relating to those draconian measures. Hon. Members will remember the chaos caused by the implementation of the poll tax, and the consequences we faced for many years due to the scale of the arrears that built up and the misery that was heaped on our poorest communities. Perhaps the Minister will explain why his party has never learned the lesson of what occurs when a Government implement unplanned, arbitrary hits on those with the least resources to cope.

Coming back to my comments about this month's report on hunger in the city that I am proud to represent, Paul Mosley, professor of economics at Sheffield university, said that the number of people using the Scotcash community bank service who struggled to buy food in the previous week was far higher in Scotland than in any other area of the UK. He said:

"In other cities outside of Glasgow the figure was 1% to 2%... In other words, there were some people whose poverty was so bad they were also in food poverty and sometimes didn't have enough food to give to the children to eat. But in Glasgow the proportion was something like 10%."

[Ann McKechin]

Mosley said that the findings supported suggestions that areas of Glasgow suffered a depth of poverty that "you don't encounter in other parts of the UK".

That depth of poverty is no surprise to me, and I am sure it will be no surprise to you either, Mr Robertson. No other part of western Europe witnessed such an intense and rapid deindustrialisation in the 1970s and 1980s, in a city that already had a long history of poverty. I am in no doubt that it will take many years to reverse, but I have always believed that it is possible, if we are prepared to put in the necessary commitment and resources. In recent years, figures on absolute and relative poverty in Scotland have flatlined, but we now face a really tough challenge. Are we prepared to witness the reversal of the advances made during the first years of this century or are we willing to organise our priorities so that we can protect the poorest and do more to improve their lives? That is the real challenge that we face in our country—not the endless debates on constitutional niceties, but what kind of country do we actually want to be.

Just yesterday, as my hon. Friend the Member for Ayr, Carrick and Cumnock correctly mentioned, it was calculated that the Government's freeze on tax credits and related benefits will put a further 100,000 children throughout the UK below the poverty line. I look forward to hearing the Minister explain in detail how his Government will now meet their legally binding targets on child poverty reduction. I am also interested to know when he last discussed poverty or any related issues with his counterparts in the Scottish Government. If that was not recently, perhaps he could undertake to make a real St Andrew's day pledge to make the eradication of poverty his priority.

3.17 pm

Dame Anne Begg (Aberdeen South) (Lab): It will be difficult to follow my two colleagues, who have explained the scourge of poverty in terms of the proportion of people living in poverty in Scotland and the shame that that brings on us as a nation. I congratulate my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne) on securing this debate.

I shall confine my comments to a group of people who, by definition, find a much higher proportion of themselves living in poverty—namely, those who are disabled or have a disability. All the problems that, as we have already heard, face families living in poverty tend to be amplified if one of the members of those families happens to have a disability. We know that 21% of families who have one person with a disability living with them are living in poverty compared with 16% of the general population. That figure increases for children: 25% of children living in families with a disabled person live in poverty compared with 18% of children living in families with no one who is disabled.

The concern that I want to get over to the Minister, and to which I hope he will respond, is that those figures are bad enough, but the actions of this Government are about to make matters far worse. Despite the impression given in the tabloids by stories of benefit scroungers and people who have languished on incapacity benefit or disabled benefits for years, employment among disabled people had actually improved over the last 10 years of the Labour Government. The employment gap between those disabled and those non-disabled in 2002 was 36%. By 2010, by the time the Labour party lost power, that gap was down to 29% and all the indicators were that it was improving, so many disabled people were in work. However, it is still the case that anyone with a disability is far less likely to be in work than those who do not have a disability, and therefore dependent on benefits.

What happens to the benefits system? What changes will be made to save the £18 billion that the Government are trying to strip out of the welfare system? Those changes will impact even more directly on those who are the most vulnerable—those who have a disability. What is of concern is not just that individuals and their families will face reduced incomes but, as my right hon. Friend the Member for Stirling (Mrs McGuire) said, the reduction in the money that is available to be spent in those communities and the fact that the communities themselves will become even poorer than they are at the moment.

My hon. Friend the Member for Ayr, Carrick and Cumnock mentioned the report from Sheffield Hallam university, written by Christina Beatty and Steve Fothergill, called "Incapacity Benefit Reform: the local, regional and national impact". That report makes incredibly interesting reading. It shows not only that there is a concentration of people with disabilities who are living on disability benefits, whether that is incapacity benefit, employment and support allowance or disability allowance, but that it correlates exactly to the areas of high unemployment and the areas of industrial decline. So it comes as no great surprise that, of the top 20 districts where the share of adults claiming incapacity benefit is the highest, three of them are in Scotland. Glasgow comes in at 12.3%, but is followed closely by Inverclyde and West Dunbartonshire. In the bottom 10 districts, of the areas with the least number of people on incapacity benefit not a single one is in Scotland and that in itself acts as a stark reminder that there are areas in Scotland, particularly west central Scotland, that have suffered not just the depression and lack of jobs caused by deindustrialisation but, resulting from that, an increase in the number of people who not only suffer ill health and disability but, as a consequence, are claiming benefit. Any cuts to those benefits will fall particularly heavily on those areas.

The figures in the work that Christina Beatty and Steve Fothergill have done are UK-wide, so we must assume that 10% of those people live in Scotland. Those figures show that, as a result of Government changes already announced, in Scotland alone, 97,000 fewer people will be claiming incapacity benefit. Even more worryingly, 58,000 will be removed from benefits all together. How will that happen? The last Labour Government had already introduced changes to reform incapacity benefit and to move people on to the employment and support allowance. The new Government have speeded up that move and have also cut down on the amount of money to be spent. That is where a great deal of the savings will come from.

Dr Whiteford: The hon. Lady's constituency, like my own, was part of the pilot scheme that trialled the new work capability assessment. My view is that it has not been working and instead has been causing great anxiety and distress to disabled people. More importantly, the

successful appeal rate is out of all proportion to any system that is working. Something like 70% of appeals are proving successful, where people have support from advocacy agencies. That system should go back to the drawing board, but I am also concerned that the burden will start falling even more so on unpaid carers and other family members for people who have been taken out of the system. Does the hon. Lady share my concerns on that?

Dame Anne Begg: Those concerns are shared by all of us. It has been very difficult to get robust figures about the numbers who are being migrated from incapacity benefit on to employment and support allowance, and how many of them will fall out of the benefits system all together or find themselves on jobseeker's allowance as an alternative. The early indication from the pilot that took place in both Aberdeen and Burnley would suggest that about 30% of those on incapacity benefit will move to JSA. That one single move is immediately a loss of £20, or slightly more, a week for that family. We do not know whether those figures are robust but we do know that, for new claimants, it is far less than that. Part of the reason why the tabloid press has managed to create the impression that there are lots of people languishing on incapacity benefit or disability benefit who do not deserve it is that they conflate the proportions who are new claimants getting the benefit with those already on the benefit but who have been migrated across. Potentially, 30% will be losing £20 or more a week.

We also know that the Welfare Reform Bill proposes to limit contributory employment and support allowance to one year. In areas such as mine and the one represented by the hon. Member for Banff and Buchan (Dr Whiteford), where it is more likely that people will live in a household with some income, because unemployment is relatively low, so a partner, husband or wife might be working, those people will lose benefits altogether because they will not qualify for the income-related benefit that would replace it. That is why 58,000 are likely to fall out of the benefits system completely. These are people who have paid into the system all their lives. They thought that, when things turned difficult for them, when something happened and they were not able to work anymore, the welfare state would be there for them and national insurance would work as the name suggests—as an insurance that they would get that contributory benefit. This Government have decided that that is not good enough and that this group will qualify only for employment and support allowance for a year. In a year, someone might have managed only to get a diagnosis. They might have only just started their cancer treatment, they might still be getting worse but not be bad enough to be in the support group, with a degenerative neurological condition that has just been diagnosed. After a year, their money will stop if they are in the work-related activity group of ESA.

Mr Reid: How long does the hon. Lady think that people in that category should continue to receive ESA?

Dame Anne Begg: Until they retire, which is what the position is at the moment. If they are in the support group, they will keep it for ever.

The hon. Gentleman's intervention has given me the opportunity to raise something that he can discuss with his colleagues in the Department for Work and Pensions. The way that the national insurance system works is that if someone has not made a NI contribution for the previous two years, then they do not get the contributory benefit. I tabled a written question to ask what happened if someone had been in the work-related activity group for two years and then got worse, particularly if they had a degenerative illness, and found themselves in the support group. They would not have the national insurance contribution to go back on to the contributory element. Would they be able to get the ESA? The reply from the Minister was unequivocal—yes, they would be able to go back on to contributory ESA if they had moved from the WRAG to the support group after two years.

However, in correspondence with an official, some doubt has been cast on whether that is indeed the case. It is not clear from the Welfare Reform Bill, and it is certainly not clear from the debates around the Bill, whether someone who has been on WRAG for two years will get their contributory ESA back again should they get worse. This is very important for people with conditions such as multiple Sclerosis and Parkinson's. If someone has a really bad episode and goes straight into the support group, they will be able to keep their contributory ESA for the rest of their working life, whereas, if they have a slowly progressing disease and go into WRAG for a couple of years, but then end up just as ill and disabled as the other person, they do not get it back. It seems unfair and arbitrary. The Government must get this right and be clear about it, or large numbers of people, potentially those with some of the most profound disabilities and ill health, will be disadvantaged simply because they fall the wrong side of the line when they go for their work capability assessment.

Mrs McGuire: Is that not why it is faintly ridiculous, at this point in the legislative cycle, when the Welfare Reform Bill has completed its passage through the House of Commons and has completed most of its stages in the House of Lords, that we do not yet know what the regulations will say on something that could have a massive impact on the lives, not just of disabled people but of the poorest people in communities in Scotland?

Dame Anne Begg: My right hon. Friend is absolutely right. One of my concerns as Chair of the Select Committee is, when there is parliamentary scrutiny of those regulations, to make sure that there are no unintended consequences. I hope that this is an unintended consequence on the Government's part—I do not think that they would be so hard-hearted to be that unfair, and I hope that the Minister will acknowledge that they realise that, in some areas, they have simply got it wrong, because they are trying to take money away from people who have paid into the system all their life.

I am conscious of the time, so I will not say a great deal more. We will move from disability living allowance to the new personal independence payment, and the Government say that they are going to cut 20% from that budget. I could go on at length about that but, in summary, all those things taken together will mean that the income of the poorest people in our communities—those who have the hardest time because of ill health or disability—will be drastically cut. They will bear the brunt of many cuts in Government spending. They are the ones least able to cope, and it will be their

[Dame Anne Begg]

communities—if the money had come into their hands, at least they would spend it in local shops—who suffer. Those shops and facilities will close, and those areas, which already suffer the highest incidence of poverty, will be hit particularly badly. The Opposition think that that is unfair. It is unjust, and I urge the Government to look again.

Several hon. Members *rose—*

John Robertson (in the Chair): Before I call the next speaker, may I tell hon. Members that the debate will end at 4.12 pm? I shall call the first Front-Bench speaker at 3.52 pm at the latest.

3.32 pm

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): I congratulate my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne) both on obtaining such an important debate on St Andrew's day and on her excellent speech.

My hon. Friend challenged us to speak up for the poorest and most vulnerable, and we already have enough evidence to show that poverty in Scotland is rising. It is therefore appropriate to address that very serious matter. We have seen increasing youth unemployment and, right up to yesterday, reckless cuts to incapacity benefits, disability living allowances, winter fuel payments and the rest. Earlier this month, *The Guardian* reported that 500,000 people will be forced off incapacity benefit. Scotland will be one of the worst-hit areas. Child poverty, youth unemployment and fuel poverty have all increased, and are set to rise further. As I said, yesterday was no help.

A Government who promised

"not to balance the books on the backs of the poorest"

have barely responded to that pledge. They admitted yesterday that it will take another two years, with all the pain but without any gain. Youth unemployment, which is a scar over Scotland, stands at a quite remarkable figure of 1.02 million—the highest ever recorded. There will be a lost generation of young people, just as in the '80s and Mrs Thatcher's time, which will lead to broken homes, broken relationships, dashed hopes and broken dreams.

I would not for one second, particularly as I am asking all my colleagues to reflect on what youth unemployment means, condone the riots that took place in England. Indeed, I am pleased that they did not extend to Scotland. However, it would be naive in the extreme to continue with those figures and statistics—the reality in Scotland—and not expect young people to articulate their views. We were first warned about that as long ago as the war, when Sir William Beveridge wrote:

"If full employment is not won and kept, no liberties are secure, for to many they will not seem worth while."

We can barely say that we were not warned.

Since 2010, JSA claimants rose in most deprived areas of my constituency—I underline that—from 26.3% to 28.1%, against a UK average of 3.9%. We are asking what the response is. What is the coalition prepared to do? The whole picture is quite unacceptable, and certainly in my constituency. I will meet local officials from the Department for Work and Pensions on Friday to examine in detail what is happening to people in my constituency who are unemployed.

Unemployment, I think Opposition Members agree, is not just a statistic. Save the Children said that

"children living in low income households are nearly three times more likely to suffer mental health problems than the affluent."

The link between life expectancy and income is well documented. These are real people with real lives that are about to be wrecked unless we rescue them in time. In my constituency, there are high numbers for unemployment and for people suffering from anxiety and depression, and—this is consistent with what my hon. Friend the Member for Aberdeen South (Dame Anne Begg) so eloquently said—those people often find that those things go together. That increases the number of DLA claimants. I therefore challenge the heart of the Government's economic policy. Taking people out of poverty is a sensible thing to do. It is a moral responsibility, but it is also economically correct. How long are we prepared to go on paying people to be unemployed—3 million of them—and, as we did in Mrs Thatcher's time, ask those who pay taxes to make that contribution? Taking people out of poverty is one of the biggest challenges that we face, particularly in Scotland.

Recently, my colleagues have raised the issue of fuel poverty again and again. Three thousand people in the UK die from fuel poverty every year, which is more than the number of Britons killed on the roads. In Scotland, there are nearly 1 million homes in fuel poverty. What have the Government done, and what should we urge them to do? Their policies have led to increases in fuel prices, and they have cut winter fuel payments and even cut the tariff for solar energy—hardly an approach to make Scotland a greener country.

Mr Alan Reid: The right hon. Gentleman referred to the cut in the solar energy tariff. If the Government had not made that change, it would have meant far higher electricity bills for everyone, so his argument is inconsistent.

Mr Clarke: I wish I had more time to develop an argument that I think the hon. Gentleman heard when I was fortunate enough to secure a debate on energy in the House a year or two ago. Indeed, on the subject of energy, that leads me very nicely to the next point that I wish to make. How long are we in Scotland and in Britain prepared to wait for six companies—for all the world, they look like a cartel to me, and I do not see the regulation that we expect from the regulators—to act? How long are we prepared to put up with this? Even last week, people were told by Ministers, "Well, what you do is change to another company." We all know what happens then: if we change to another company, they put up their prices, too, and they do so again and again, which is wholly unacceptable.

Mr Reid: Will the right hon. Gentleman give way?

Mr Clarke: No, because of time and others may wish to speak.

Mr Reid: I was going to agree with him.

Mr Clarke: My purpose is to make conversions, Mr. Robertson, and I have been able to do so.

In common with my hon. Friend for Aberdeen South, I would like to discuss disability because many of the people we are thinking about, many of those who have made representations to us and, indeed, many of those who are unable to make representations are those who might be considered either disabled or the family or friends of disabled people. Contact a Family told us that 52% of families with a disabled child are at risk of experiencing poverty. That is no surprise when we know that it costs three times as much to bring up a disabled child than a child without disability. The income of families with a disabled child averages £15,000, which is 25.5% below the UK mean. Barnado's told us recently that only 16% of mothers of disabled children are able to work compared with 60% of mothers generally.

I am glad that my right hon. Friend for Stirling (Mrs McGuire) is present, because she brought the issue of the mobility component to the attention of the House. Yesterday, I was happy to see that after battle, including debates in this place, the Government announced that they were retreating on their intention to take the mobility component of DLA from people who live in residential homes. The original proposal was an outrage that should never have been considered and it caused a great deal of unhappiness among a large number of people and their families. That was unacceptable. As my right hon. Friend has said, however, the announcement was not made in this House, where it should have been, but in *The Times*.

For all the reasons that my right hon. and hon. Friends have given, I strongly support the attempt by my hon. Friend the Member for Ayr, Carrick and Cumnock to focus on the issue of poverty. It is St. Andrew's day and we are concerned about Scotland. It can be, and will be, a great Scotland. Of late, I have been fortunate to invite new companies into my constituency, and I welcome that and those entrepreneurs' enthusiasm. However, they are entitled to more encouragement than they are getting, but so far the Government have not shown any lead on that. Today, I believe we are speaking for Scotland, and I believe that Scotland is listening.

John Robertson (in the Chair): Before I call Mrs McGuire, I call her attention to the fact that the Front-Bench contributions will begin at 3.52 pm.

3.43 pm

Mrs Anne McGuire (Stirling) (Lab): I conscious of that, and I would not like to fall out with you, Mr Robertson. This is the first time that I have been in this interesting power position with you, and I will make sure that I obey your orders.

I would also like to add my congratulations to my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne) for initiating this debate in Westminster Hall. I only want to make a short contribution.

The emphasis today has been on welfare issues, to which I will return if I have the time, but I want us to recognise what poverty means for many people, particularly children. A group launch by anti-poverty campaigners in Glasgow clearly identified the fact that children and young people who are growing up in poverty suffer from a range of disadvantages that other children do not experience. They were far less likely to be involved in leisure activities than other children because their families could not pay for them. They were three times less likely to play a musical instrument— something that is about enhancing people's lifestyle, but children in poverty do not have the same access to that advantage. It is interesting to note that, given the emphasis on football in Glasgow, the group also highlighted the fact that young people from better-off households were four times more likely to be involved in a football club than those children from poorer households. That sort of hidden poverty, which we do not always emphasise in debates such as this one, is the real price that many families are now paying.

The hon. Member for Argyll and Bute (Mr. Reid) asked us, "What would you do?" I would actually like to flip that coin back to him and say that it is not just what we would do, but what they have done that is making the significant difference to people in Scotland, for example the decision to reduce the Sure Start maternity grant to the first child only. That grant was of great benefit to many poorer families. The Government have also frozen child benefit and other benefits, even those in-work benefits, have been uprated according to the consumer prices index rather than according to the retail prices index. They have also removed discretionary tax credits, such as the baby element, which means the loss of £545 a year per family. According to the House of Commons figures, a baby born into a low-income family from April 2011 will be about £1,500 worse off compared with a sibling born into the same family before April 2010. That is the sum lost from a family where every penny counts.

Frankly, those supporting the coalition Government have to accept that it is not a question of what we would do, but what they have done. They need to answer whether they have made life better or worse for the poorest members of our society. As I look around my constituency and I look at others areas of Scotland, I think we must make the judgment that the coalition Government have made life worse for many of the poorest people in our communities. If there is anything that we need to give testimony to that, surely it must be the fact that there are now more people in cities in Scotland relying on handouts and food parcels than ever before. I never thought that I would see families having to rely on emergency food rations from organisations that were set up specifically for that purpose. What sort of civilised society are we that allows a family to be so poor that it cannot feed its own children? That is my condemnation of the way in which the Government operate.

I want to put a question particularly to those Lib Dem members of the coalition who I know are good people. They need to look back at their own history and see exactly where they came from. Go back and look at some of the great developments of the 19th century, such as those made by the Frys, the Rowntrees and the Cadburys. They took those actions because they recognised the link between poverty and lack of aspiration, between unemployment and people being unable to live a decent life. Over the Christmas recess, I hope that some of those Lib Dems will have time to reflect on what they are doing to collude in a situation that is making life much worse for many people in Scotland.

Mr Reid: I am grateful to the right hon. Lady for giving way. The economic situation is grim, and none of us wants to see people living in poverty. I came along to this debate because I wanted to hear what suggestions

[Mr Reid]

Labour Members had for doing things differently. So far, I have not heard any, and I would be grateful if the right hon. Lady could actually tell us what Labour would do differently if it were in power.

Mrs McGuire: Let me explain what we did differently. We did things differently over 13 years when child poverty decreased from 27% to 20%. We made it a legal obligation on Government that they should reduce child poverty. I will tell the hon. Gentleman what we would not have done. We would not have sacrificed the poor as the Government are now sacrificing them. I know that the hon. Gentleman is a good person, and he must ask himself that question during the Christmas recess when he might have wanted to think of other things. We have seen a deterioration in the standards in which the poorest in Scotland have to live their lives – 850,000 people, and rising, are living in fuel poverty, according to Consumer Focus. Finally, may I say in this debate that poverty is not just about money, although money is important? Poverty creates an environment where, if children cannot eat a breakfast in the morning, they cannot go to school and learn; where they are excluded from the company of their peers, because they cannot afford to enjoy that company; and where they cannot go to a school dance or participate in sport. Worst of all, it creates an environment where many of them suffer not only from financial, educational and health poverty, but from a poverty of ambition. Frankly, that is dangerously close to the legacy that this Government are going to give hundreds of thousands of children in Scotland, unless they start to reflect on what they are doing and deal with it quickly.

3.50 pm

Mr William Bain (Glasgow North East) (Lab): It is a pleasure to serve under your chairmanship for the first time, Mr Robertson, and to reply from the Opposition Front Bench to this important debate.

I pay tribute to my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne) for securing this debate and for speaking with such passion and commitment about the effects that material inequality, lack of money, lack of resources and lack of opportunity have on the quality of life of her constituents and many thousands of people across Scotland. She referred in her speech to a historical figure—Nye Bevan, of course. Today, it might be fitting to recall the words of another historical figure, former US President Franklin Roosevelt, who once said:

> "The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have little."

That is what the Government are failing to do in its policies today.

I also pay tribute to the contribution from my hon. Friend the Member for Glasgow North (Ann McKechin), who spoke movingly about the impact that housing benefit changes and lack of money are having in driving up levels of food poverty in Glasgow, and also to my hon. Friend the Member for Aberdeen South (Dame Anne Begg) and my right hon. Friends the Members for Coatbridge, Chryston and Bellshill (Mr Clarke) and for Stirling (Mrs McGuire), who spoke with great passion and eloquence about the effects of deindustrialisation in Scotland and the damaging effects of the Government's reforms of disability, housing and sickness benefits. My right hon. Friend the Member for Stirling impressed the House this afternoon with her historical sweep and with the notion that she very ably tied between equality and liberty—the fact that they go together and that one simply does not exist without the other.

I recently had the privilege of attending a briefing arranged by the Resolution Foundation, which is hosting the Commission on Living Standards. The presentation gave some staggering statistics from the foundation's ongoing work. There is an increasing dislocation between growth and living standards. In the past three decades, for every £1 of growth generated in our economy, just 12p is going into wages in the lower half of the income scale, which is a fall of a quarter. Those trends have been exacerbated by the squeeze on jobs and the squeeze through increased taxes and lower tax credits that have been in the Chancellor's Budgets so far and, sadly, in the autumn statement yesterday.

From that event, there also emerged three themes that are necessary to drive an increase in living standards and reductions in poverty in coming years: full employment, the importance of income transfers—including the tax credits system—and rising wages. The foundation has estimated that the squeeze on living standards that is being imposed by this Government—the steepest since the 1920s—means that to make good the gap, the level of the minimum wage would have to rise to £6.29 per hour by 2015. That is the extent of the squeeze that is impacting on people in this country today. The words of the US economist Lane Kenworthy are very important, reflecting that income transfers—the tax credits system—have been critical in this country and across the western world to seeing an improvement of the living standards of those in the lower half of the income distribution scale.

I also want to endorse some of the findings of UNICEF Scotland's recent report, which points out the damaging effects of failing to tackle asset-based inequality. The Government have scrapped the child trust fund and introduced an inadequate replacement in the form of junior ISAs, and we will see damaging effects for young people in their failing to build up that nest egg of savings that would help them go to college or university, to start a job and to pay for the necessary expenses for a good start in life.

The key to tackling poverty and to seeing a fairer distribution of wealth in our society is to increase levels of good jobs in our economy and to aim for full employment. Yesterday, the Office for Budget Responsibility downgraded its forecasts for levels of employment throughout this Parliament. It revealed that 710,000 public sector workers will be thrown on to the dole queues in this Parliament. Overall, unemployment will surge by a further 500,000, destroying the lives of people who are claiming benefits when they could be providing services and paying taxes instead.

Scotland will suffer hugely through the absurd economic theories that underpin such devastating choices. As a result of the Chancellor's failure to change course on public spending and to introduce a proper plan for jobs and growth, Scotland is likely to suffer from rising unemployment, lower growth and the biggest attack on the living standards of ordinary people since the 1940s. The Chancellor said yesterday that he would like to

tackle the causes of poverty, but he has slashed support for hard-pressed Scots families who are burdened by big rises in child care costs.

This week, the Social Market Foundation stated, in its report entitled "The Parent Trap", that average families face an increase in child care costs of more than £600, a rise of up to 62%, which is more than the cost of a family Christmas for average families in Scotland. Yesterday, the Government failed to cut VAT to boost consumer confidence and failed to increase demand amid slumping growth.

Sandra Osborne: My hon. Friend is answering some of the questions of the hon. Member for Argyll and Bute (Mr Reid), who seemed to think that the Labour party had no alternative proposals to put forward. I am pleased to hear my hon. Friend telling the House about what we would do if we had the opportunity.

Mr Bain: My hon. Friend is entirely right. Yesterday, the OBR's figures revealed that if we had followed the public spending plans of my right hon. Friend the Member for Edinburgh South West (Mr Darling), borrowing would be £37 billion less. There is an alternative—based around growth and job creation—that would not have visited the damaging effects of increased poverty and inequality which this Government are waging on the people of Scotland.

Mr Reid: None of us wants to see poverty or inequality, but the only solutions that the hon. Gentleman has brought forward are to cut taxes and to increase public spending. Please will he tell us where the money would come from to do all that, without getting the country even deeper into debt and the mess that his Government left behind?

Mr Bain: Thankfully, there are more enlightened Governments in Europe. For example, the newly elected Socialist-led Government of Denmark, who have introduced a stimulus package, have seen bond rates lower that those of the United Kingdom and have entirely defeated the arguments of the right-wing parties in Denmark, which predicted that bond rates would rise if a Socialist-led Government introduced such a stimulus package. The reality does not bear out the hon. Gentleman's point.

Mr Reid: The hon. Gentleman still has not answered the question of where the money would come from without the country being put deeper into debt.

Mr Bain: It is very clear that this Government are borrowing to cut, not borrowing to grow. The entire theory that the Chancellor has drawn on from some of the extremes of right-wing economics in America in the 1980s and 1990s—essentially, that Governments should shrink and shrivel the public sector and that the private sector will take up all the slack—has simply been destroyed by what the OBR published yesterday. That theory does not work, and it is causing increased poverty and inequality in our country. The hon. Member for Argyll and Bute (Mr Reid) should disown it today.

With both Governments—the one here and the one in Edinburgh—simply not having done enough about youth unemployment, we have a rate of youth unemployment across the UK of 20%, but it is even higher in Scotland, at 21.3%. Nothing speaks more to this Government's failure of ambition to cut child poverty than yesterday's cruel grab by the Chancellor on the promised uplift on child tax credits and working tax credits. For the coalition parties to slash the tax credits of low and middle-income mums and children in Scotland at a time when the real value of wages declining by 3.5% this year, as revealed by the Office for National Statistics last week—is an act of brutal contempt for the plight that the poorest are facing, with spending cuts that are too far, and too fast for ordinary families to bear.

In 2009-10, 153,000 families in work in Scotland received working tax credit and child tax credit, and this helped 250,000 children in Scotland. People in Scotland cannot see how it will be fair to snatch £1.2 billion in tax credits from low and middle earners while the Government have raised the bank balance sheet levy by a paltry £300 million in the same autumn statement. They will wonder how the Prime Minister can ever again have the brass neck to claim that we are all in this together. Scottish families will lose the extra £110 per child that they were promised in the Budget this year and expected to receive next year. Freezing the working tax credit will cut working families' income by an additional £100.

As the Resolution Foundation established yesterday, more than three quarters of the burden in new cuts in tax credits is faced by people in the lower half of the income scale, with those in the top 10% simply meeting 3% of that burden. Total tax credit cuts next year will amount to £2.9 billion, a tenth of the entire tax credit expenditure. This afternoon the Institute for Fiscal Studies has given its verdict on the Chancellor's squeeze on the living standards of ordinary people: average incomes will fall by 7.4% between 2009 and 2030. Based on the OBR's own figures, it has calculated that families face a slump in the value of their household disposable income of 3% this year compared with a predicted 1.1% at the time of the March Budget, a fall of 1.1% next year compared with a predicted rise of 0.7% in March. Most damning of all is the finding by the IFS that the distributional effects of the changes announced by the Chancellor yesterday will punish those in the lowest two income deciles. Unbelievably, those in the wealthiest 10% are among the few gainers. Unsurprisingly, it is families with children who take the biggest hit. As Paul Johnson of the IFS said on BBC Radio 4's "World at One", this afternoon,

> "failure to index some elements of tax credits...will leave some poorer families worse off, and will lead to an increase in measured child poverty...The Government have no chance at all of reducing child poverty."

What a damning finding on what the Chancellor did yesterday.

In terms of public services, on which the poorest rely most heavily, the IFS has today discovered that the Government are planning a huge assault on public service spending, a 16.2% real-terms cut over the next seven years, far beyond the previous record of 7% real-terms cuts in the 1970s. The Chancellor's promise not to balance the books on the backs of the poorest lies in tatters this afternoon. His own Treasury figures show that the poorest fifth of the population are amongst the biggest losers from the tax and benefits measures in his Budgets and autumn statements, and inequality is on the rise. He could not even bring himself to admit in

[Mr Bain]

his statement yesterday that his own figures show that child poverty will rise across the UK by a further 100,000 in the next tax year as a result of his cruel cuts in tax credits and housing benefits.

This Government have made their choice: slumping growth, rising poverty and higher unemployment are the prices worth paying for a failed economic theory that is letting Britain down and offering nothing but despair for the jobless millions. Now, Scotland can see them as they truly are—the downgraded Chancellor of a deflationary and uncaring Government.

4.4 pm

The Parliamentary Under-Secretary of State for Scotland (David Mundell): Thank you, Mr. Robertson. I welcome the opportunity to appear under your chairmanship, and it is particularly appropriate that you are in the Chair for this debate on St. Andrew's day. I pay tribute to the hon. Member for Ayr, Carrick and Cumnock (Sandra Osborne) for instigating this debate. She and other hon. Members who have contributed to the debate are correct to say that there should be more discussion and debate of these issues in relation to Scotland, and that there should be more discussion and debate in this Parliament in respect of the reserved issues for which this Government are responsible in Scotland. Scotland has two Governments, both of which play a significant role and both of which should be held to account.

I also agree that the two Governments should work more closely together on many of the issues that have been touched on today. Sadly, for reasons also touched on by many hon. Members, principally the obsession of the SNP Government in Edinburgh with independence and constitutional issues, it has not always been possible to have the dialogue that would serve the people of Scotland best—on substantive matters in relation to policy objectives and outcomes, rather than the debate constantly being about who did what.

We have had a number of detailed contributions to the debate, particularly by the hon. Member for Glasgow North (Ann McKechin), and the hon. Member for Aberdeen South (Dame Anne Begg), who chairs the Select Committee. I give them a firm commitment that I will take away the points that they have made, and raise them with Department for Work and Pensions colleagues and I will write back to them on their specific points. While we might not be in agreement on the policy prescription, or whether the policies of the Government of which they were a part delivered much of what the hon. Member for Ayr, Carrick and Cumnock set out, I am in agreement with them that the issues that they raised are important and significant.

As ever, I commend the right hon. Member for Stirling (Mrs McGuire) for the passion in her contribution. Again, the issues that she raised are worthy of much more significant debate, especially in relation to the concerns about the impact of hidden poverty, which is not just a financial issue. There would be agreement across the House on that. I listened to the points made by the right hon. Member for Coatbridge, Chryston and Bellshill (Mr Clarke). I do not necessarily agree with what he had to say, but I sense his passion on the issue, and he has a long track record of fighting the cause of the poor, and that is to be commended. My hon. Friend the Member for Argyll and Bute (Mr Reid) did not make a speech, although it felt as if he did. It will not surprise you to learn, Mr. Robertson, that I agree with most of the points that he made in his interventions. I am sure that, over the Christmas period, when he reflects on such matters, as he was asked to do by the right hon. Member for Stirling, he will reflect on the many achievements of the coalition Government in taking forward their agenda. When he intervened on the hon. Member for Glasgow North East (Mr Bain)—I welcome him to the first real exchange that we have had since he took his position—my hon. Friend the Member for Argyll and Bute make the most significant point, which is how the various aspirations that were expressed during the debate would be paid for. We did not hear anything about that. We heard again about Labour's five-point plan. As far as I am aware, that is a £20 billion black hole for which no funding has been identified.

Sandra Osborne: Does the Minister agree that a far more effective way of solving the youth unemployment problem would be a £2 billion tax on bank bonuses, which would fund 100,000 jobs for young people?

David Mundell: The hon. Lady knows that the Government have moved forward with a bank levy, which has raised more than the tax on bonuses that her Government set out. It is populist to say, "tax the bankers," but that does not set out where the money would come from that would create the funding she suggests.

I hope the hon. Lady will join me in welcoming yesterday's announcement on the youth contract—a significant step forward in tackling what everyone accepts is the serious problem of youth unemployment. Of course, it was not acknowledged in today's debate that youth unemployment rose under the previous Labour Government. Youth unemployment is a serious issue, on which we should be trying to work on a cross-party basis. That is why I was pleased to be part of a seminar in Ayrshire with the hon. Member for Central Ayrshire (Mr. Donohoe), bringing together the UK Government and the Scottish Government to look at the underlying problems of youth unemployment. That is why I am pleased that my right hon. Friends the Secretary of State for Scotland and the Secretary of State for Work and Pensions will host a national meeting in Scotland with John Swinney to focus on youth unemployment in Scotland.

Working Tax Credits

4.12 pm

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): It is a pleasure to have been able to secure a debate on which I have been trying to be successful in the ballot for some time. It is a pleasure to serve under your chairmanship, Mr. Robertson, and to welcome the Minister to her relatively new job. I warmly congratulate her on it. She is surely further proof that all the best parliamentary careers begin in the Whips Office.

I am pleased to see a number of other hon. Members present. Several changes have been announced to working tax credit, not least those yesterday in the autumn statement. I will try to accommodate any colleagues who might wish to highlight their concerns or those of their constituents. For my part, in the time available, I want to discuss the changes to working tax credit that were announced in the spending review in October 2010. Specifically, from April 2012, the total weekly hours that a couple with children need to work in order to qualify for working tax credit will go up from 16 to 24, with one partner needing to work at least 16 hours a week. At present, couples whose annual income is less than about £17,700 a year qualify for tax credit if at least one of the couple works 16 hours a week. I want to talk about what these changes will mean for working families, how many of those families will be affected and what it will mean for couples where one partner has caring responsibilities.

Ann Coffey (Stockport) (Lab): I congratulate my hon. Friend on getting this important debate. We are all sorry that it is not longer.

My hon. Friend might be interested to know that I recently sent out a survey to find out about the child care arrangements of parents in my constituency. Interestingly, a number of grandparents replied; they all made the similar point that, without the free child care that they provided, parents would be facing mounting debts because of the squeeze on their family incomes and long-term financial problems. Does he agree that the Government have not properly thought through the cumulative affect of their policies on families?

Jonathan Reynolds: I agree with my hon. Friend. If we had had one of the longer slots for debate, perhaps we could have discussed in more detail the interaction between working tax credit, child tax credit and the child care allowance. The interconnection between them is crucial. I shall ask the Minister near the end of the debate what transitional arrangements could be considered for some of those who are most badly affected by the changes.

Working tax credit has played an important part in recent development of the welfare state. When working tax credit was introduced in 2003, it balanced the goal of eradicating child poverty with promoting work. It currently offers around £4,000 for families on lower incomes and aims to ensure that families will always be better off in work. Until it was introduced, too many families had complained that going out to work might leave them less well off financially. Working tax credit was introduced to ensure that work always paid. It did so much more. Encouraging people back into work concerns more than just the contents of their pay packet. Work is about skills.

Bill Esterson (Sefton Central) (Lab): My hon. Friend has done well to secure this debate. He is talking about the difficulties of getting into work. This is particularly true for part-time staff. The change in the threshold from 16 to 24 hours is of great concern to people in my constituency, particularly those in the retail sector, where shifts will not be available because of the dire economic situation we face. Those people are among the 200,000 families who potentially will lose up to £4,000. This measure could force families back on to benefit and out of work. Surely this is not the right way to proceed.

Jonathan Reynolds: I agree with my hon. Friend. It is specifically the impact on people working in, for instance, the retail sector that has prompted me to apply for this debate. I am sure that my hon. Friend and I agree that we do not want to see anything that makes it potentially less attractive for people to go out to work.

Couples and single parents who currently work for at least 16 hours a week are eligible for working tax credit. According to the Government's proposals, from April couples will have to work an extra eight hours in order to qualify. Failure to secure additional work will exempt claimants from the credit completely. The reality is that about 280,000 families in receipt of working tax credit currently work less than 24 hours a week. Under the proposals, they could lose up to £4,000 a year.

Stephen Timms (East Ham) (Lab): This is a very important point. Will my hon. Friend confirm that they will lose not only their working tax credit, as he said, but their child care tax credits if they use child care, as many will? They could lose another couple of thousand pounds there.

Jonathan Reynolds: Absolutely. They stand to lose even more when child care is taken into consideration. There is an internal tension between the Government's stated ambition on universal credit and these actions. It would be interesting to hear the Minister's views on how those two aspects interplay.

Mr Andrew Smith (Oxford East) (Lab): I join the chorus of congratulations extended to my hon. Friend. I hope that he gets time to make some points between interventions.

Does my hon. Friend agree that this represents an incredible retreat from, and abandonment of, the historic pledge by the previous Government to eradicate child poverty within a generation? Will this not have the opposite effect, in terms of the welfare to work agenda—perversely forcing some people to go back on to benefit because of all the losses they will suffer, as hon. Members have said?

Jonathan Reynolds: Indeed. A family currently on £18,000 a year could lose £4,000, which is a huge loss. It will, as I understand it, push as many as half a million children back below the poverty line.

The Minister may say to me that the simple solution is for claimants to work an additional eight hours. For some people in receipt of working tax credit, the demands

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of caring, child care or limited health may make it difficult for them to work those additional hours. These changes make no allowance for that.

I was first alerted to the scope of this issue when I was contacted by a resident in my constituency who was hit by a car 11 years ago. He was previously employed as a printer and would routinely work 12-hour shifts a day for his family. He has not been able to work since the accident and needs some degree of care. His wife, as well as caring for her husband and their young daughter, works 17 hours a week in a before and after school club. She cannot increase her hours at the school because the club runs only for those 17 hours a week. With the caring responsibilities for her husband and daughter, she would struggle to find a second job with sufficiently flexible hours. The money they receive though working tax credit makes a real difference. Under the Government's plan they would lose it.

I acknowledge that, rightly, the Government do not plan to increase the hours of work required by single parents, in recognition of the additional pressures they face. However, they also need to consider the impact that these changes will have on families where one member is disabled, or one member has a caring responsibility, or both. They should urgently consider whether additional exemptions should be applied. Indeed, I put a range of parliamentary questions over the past six months to the Exchequer Secretary, to try to ascertain how many of the 280,000 couples that this will affect have a partner with caring responsibilities or a disability, and to get a more detailed breakdown. However, the Government could not provide much of that information, and what they could provide was extremely limited.

As I have said, the promotion of work is at the heart of the working tax credit scheme. The principle of asking people to take on work to qualify for working tax credits is a positive one. But if the amount of work we require is unrealistic, it will hurt rather than help some of the most vulnerable people in our society.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): I thank my hon. Friend for giving way and for securing this debate. I am sure he will be aware of this, but will he comment on the point made by the trade union USDAW that 78% of the couples it has surveyed who work between 16 and 24 hours say that there is no way in which they could increase their working hours, and that the retail sector is particularly squeezed at present, meaning that overtime that may have been guaranteed in the run-up to Christmas in previous years is no longer available?

Jonathan Reynolds: Absolutely, and I am very grateful to USDAW for its support in giving me research and case studies relevant to this debate, because these proposed changes will particularly impact on the retail and service sectors, where there is a prevalence of part-time work. They are rightly concerned about the impact it will have on their members. I have seen their tax credits survey, which suggests that 79% of their members who receive working tax credit would not be able to secure additional hours from their employers before next April. Indeed, they have already talked to members who have repeatedly tried to secure extra hours from their employers, but been told that the work is not available. Where additional hours are available they are often late at night or very early in the morning. The lack of public transport means that members cannot take them.

An added complication is that there is often a mismatch in the retail sector between the hours staff are contracted to work and the hours they actually work. In recent years there has been a trend for retailers to cut the hours staff are contracted to work, with an expectation that they will work longer, additional hours at busy periods. That means that under the proposed changes couples actually working more than the 24 hours that makes them eligible for working tax credit might not get it because not all of their hours are contracted.

I put it to the Minister that that would be completely unconscionable, and I respectfully request that she address this point when she responds to me later in the debate.

I do not yet believe that the full impact of these changes has been considered or identified by the Government. The Government claim they are still committed to ending child poverty, but this is a measure that has the potential to push many families well below the poverty line. It is a regressive step that will concern many Members.

I would hope that the withdrawal of working tax credit from those who could not secure additional work would not prompt a return to the old idea that work will not pay. But that is the risk, and that would be the tragedy, not only for the employees concerned but for the parts of industries that rely on a flexible work force willing to work just a few hours a week.

In these tough economic times I would rather that the Government reviewed their plans, but I do not think that they will do that. Instead, may I implore them to do two things? I ask them, first, to exempt couples where one partner is either disabled or a carer from these changes; and, secondly, to increase awareness of the change among employers and employees, to ensure that they have the best chance of working together so that they can fulfil the requirements for eligibility for working tax credit payments. In addition, if these changes are to go ahead, will the Minister consider what help the Government can give to the most badly affected couples in terms of transitional arrangements?

This change will impact on the lives of many thousands of struggling families, many of whom are my constituents, and I am extremely grateful to be able to highlight this matter before the House this afternoon.

4.23 pm

The Economic Secretary to the Treasury (Miss Chloe Smith): First, may I congratulate the hon. Member for Stalybridge and Hyde (Jonathan Reynolds) on securing this debate, and thank him for his kind words about my role at the beginning of his comments? He has asked me a number of specific questions, which I shall be happy to address. In addition, I would like briefly to set out the various reforms to tax credits. I will talk a little about child poverty and, of course, about work incentives, before addressing fully his main point about the 16 to 24 hours change.

Bill Esterson: In her reply, will the Minister deal with the central issue of fairness? Does she think that targeting the poorest families by cutting tax credits is a fair

approach as a deficit reduction measure, or does she think that this is wrong, and that the Government should target the bankers?

Miss Smith: I will happily tackle that. In fact, the hon. Gentleman brings me straight to the main point with which I must preface my comments, which is that we are in a very difficult position, economically speaking. That cannot have escaped the attention of anybody sitting here, least of all the right hon. Member for East Ham (Stephen Timms), who I know is very alive to all such matters. However, the fact is that when faced with a very difficult economic situation, we have to make very difficult choices. We must be mindful of the fact that to leave the country struggling under an enormous debt burden does not help anybody; normal working households would not thank us for failing to deal with that situation. So that is one view of fairness to which I shall return throughout my speech.

Mr Andrew Smith: I am very grateful to the Minister for giving way. If we accept for a moment the premise of her argument—tough times, difficult choices—is it not all the more important to have the closest regard to fairness, the point that my hon. Friend the Member for Sefton Central (Bill Esterson) was making? How can it be fair to target these working people in the way the Government are doing?

Miss Smith: I am unsure from his comments whether the right hon. Gentleman accepts the premise that we are in difficult economic times. I do not know which parallel universe he is living in, but if he is in the same one as I am, he will know that, yes, of course we must do what we do as fairly as possible. He will also know that our bank levy is raising more every year than his party raised in one year, and with that I shall, I hope, lay that topic to rest, unless the hon. Lady would like to take it further.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): Would the Minister confirm that 100,000 extra children will be pushed into poverty as a result of the reduction in working tax credit that was announced yesterday? Will she confirm that that was what the OBR says the additional number of children in poverty will be?

Miss Smith: I can confirm that that figure relates to the measures of child poverty as set out by the Child Poverty Act 2010 and by the current debate. No doubt, the hon. Member for Stockport (Ann Coffey) is already rubbing her fingers with glee about that. I will come on to that in my comments as well. I wish to introduce the idea that we need to move on to tackling the causes of poverty rather than the statistical method of counting poverty.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): As we realised from the autumn statement yesterday, the Chancellor seems quite fond of giving with one hand and taking away with the other. We can see what has been taken away: up to £4,000 from these families. Is there anything that these families will get in return that would help to fulfil the Government's promise that they would be the most family-friendly Government in history? From what we have heard today so far, there is not, but could the Minister enlighten us?

Miss Smith: I thank the hon. Lady very much for her consideration in the sequencing of interventions and I will come on to exactly that point.

I will continue to speak briefly about the high level need for action which drove yesterday's announcements. As hon. Members will know, the UK economy is recovering from the biggest financial crisis in generations. June 2010's Budget set out the Government's plans to reduce the deficit and rebuild the economy. However, since then—and this is the crucial point from yesterday's analysis which accompanied the OBR's figures, and both must be taken together in my view—the UK economy has been hit by a number of shocks. The OBR names three: first, higher than expected inflation, which the OBR calls an "external shock"; secondly, ongoing instability from the euro area crisis; and; thirdly, the full and permanent damage done by the 2008-09 financial crisis.

It is unwise not to recognise those three major factors. It is absolutely vital that we tackle our debts. It is absolutely vital that we react appropriately and wisely to the economic situation presented to us, and I think that households know that. No household would thank a Government who, instead of dealing responsibly with that situation, carried on spending, carried on borrowing and carried on racking up the debt to do so.

Debbie Abrahams: That still does not explain—to pick up a point one of my hon. Friends made—why the Government are choosing to punish honest, hard-working families instead of taxing bankers. It is about a four-times greater punishment in terms of taking away money from these families, compared to what the Government are taking away from bankers.

Miss Smith: Let me reiterate, first, the incontrovertible point that we are taking more from bankers every year than the Labour party did in one year of operation. Furthermore, I must point this out and, I hope, lay the matter to rest: the distributional allowances published alongside the autumn statement yesterday clearly indicated that it is the top 10% of the income band that is contributing.

Let me turn briefly to a summary of what was announced yesterday and previously. The Chancellor said that we will uprate the disability elements of tax credits in line with prices, and increase the child element of the child tax credit by £135 in line with inflation too. We will not, however, uprate the other elements of the working tax credit this coming year. Hon. Members have highlighted the fact that, given the size of the uprating this year, we will no longer go ahead with the planned additional £110 rise in the child element over and above inflation.

I must make a further comment, which is that of course the Government believe that the welfare system must remain fair and affordable while protecting the most vulnerable. We must also note within the figures I have just given that by April 2012 the child tax credit will have increased by £390 since last May, and that is of course per child.

A number of reforms to tax credits were announced in the June Budget and the spending review. The point is that the previous Government spent more than £150 billion on tax credits since 2003. This was unsustainable in many ways, and I will give an example before moving

[Miss Chloe Smith]

on. Under the previous system tax credits were available to families earning up to £58,000. If households had an increase in income of up to £25,000 in the year then they could have earned up to £83,000 and still benefited from tax credits. Taking on board the principles raised by hon. Members, that means to me that we had to act in a situation that appeared to be very unfair, in that people in the top income decile were eligible for tax credits. That is unjustifiable, unfair and very unsustainable in the current economic climate.

Stephen Timms: I know that the Minister was a member of the Welfare Reform Bill Committee, and so is very familiar with the advantages of universal credit set out to the Committee, which include it being available to people working just two, three or four hours a week. The Secretary of State for Work and Pensions frequently draws attention to that advantage, yet with this measure her Department is moving in the opposition direction by limiting the availability of tax credits only to those working more than 24 hours as a household. That is the opposite of what her right hon. Friend is doing.

Miss Smith: Regrettably, I thought that the right hon. Gentleman wanted to respond to why higher earners would have received tax credits under the previous system, but I will come to his point in the bulk of my comments.

Jonathan Reynolds: May I bring the Minister back to the specific move from 16 to 24 hours? The figures I have from the Treasury estimate that this change will save £380 million a year. Yes, that is a substantial sum, but the context is one of a Government now borrowing £158 billion more over this Parliament than they said they would just a year ago. If a family's income goes from £18,000 a year to £14,000, based on this change, will they not feel some angst at a statement that focuses only on higher earners having their tax credits taken away and the wider economic impact? To go from £18,000 to £14,000 is a very big change for a family in my constituency.

Miss Smith: Let me move on to the change that the hon. Gentleman highlighted, which is the move from 16 to 24 hours. As he explained, under the current system couples with children can claim working tax credit if one partner works 16 hours a week. The hon. Gentleman will know that at the moment lone parents must also work at least 16 hours to qualify for the working tax credit. As he said, however, under the 2010 spending review, from April next year couples with children will have to work 24 hours between them, with at least one partner working 16. In response to the interventions made, this change makes the system fairer by reducing that disparity between couples and lone parents. I would not like to stand here to defend why those two groups should be treated differently. I can see the hon. Member for Stalybridge and Hyde twitching but I must move on in order to tackle two of the points he specifically asked me to address.

There are exemptions where couples may have a limited capability to work. That means that couples with children will continue to qualify for working tax credit where one member works at least 16 hours a week and that person is eligible for the working tax credit disability element. In addition, there will be an exemption for some couples with children where only one member works at least 16 hours a week and the other adult does not work, for example where one adult is incapacitated. A couple with children will continue to qualify for working tax credit at 16 hours if one partner is in receipt of disability living allowance.

Moving on to how else we can increase support for lower and middle income earners and improve the rewards to work. On work incentives, which I said I would cover, universal credit has already been mentioned and it is in that area—

Cathy Jamieson: I thank the Minister for giving way. Before she moves on to work incentives, will she address the point about low-paid workers who would find it difficult to get that extra eight hours to stay on the working tax credits, and who will potentially see their incomes drop from £18,000 to £14,000 in a year? What consideration has the Minister given to transitional arrangements or help for that particular group?

Miss Smith: The point I was about to make was that the introduction of universal credit is where the Government anticipate making the most major transitional arrangements, and I note the hon. Lady's points—and those of other Members in earlier interventions—in particular in relation to retail sector work, for example. Everybody appreciates that the economic climate is hard at the moment—the ideal world is not out there for everybody. I take her point.

Moving on very briefly to the work incentives provided by the universal credit, the phrase has already been used that work must always pay and be seen to do so. One of the key features of universal credit—the hon. Lady will know this—is that it will be paid in and out of work, and that the hours rule will disappear to smooth the transition into work and ensure that that it pays.

Stephen Timms: The Minister's Department is making the hours rule worse now. It will be better in the future; why is she doing the opposite in her Department?

Miss Smith: We need to move in one direction in this economy, which is to tackle the deficit. I made that point very strongly up front. We must also look to major reforms such as the universal credit, and perhaps before that the Work programme in some cases. There are a number of examples that I look forward to the Government delivering. I have given some; let me give some more that will also answer the points made about what people might get in return.

The Government are investing a further £380 million by 2014-15 to extend the offer of 15 hours of free education and care a week for disadvantaged two-year-olds, which will cover an extra 130,000 children. That is only one element of what the Government will do to help working families. Support has been focused on those on out-of-work benefits—this is a key point that I have no doubt the right hon. Member for East Ham will appreciate. They need greater protection against rising prices than people on working tax credit who are, of course, not solely reliant on this income; they also have income from work, which is key. I do, though, take the points made regarding the difficulty of getting a job in the palm of one's hand before asking for it.

The Government, however, remains committed to making work pay. As the Chancellor made clear yesterday, the best way to help working people is by taking them out of tax altogether. In April 2012 we will make a £630 increase in the income tax personal allowance, taking it to £8,105. This is in addition to the £1,000 increase in April this year. Together, these increases will benefit 25 million individuals and take 1.1 million low-income individuals out of tax from April 2012.

As I started to articulate, there is then the reform to which I look forward. Universal credit will unify the complex current system of means-tested out-of-work benefits, tax credits and support for housing into one single payment. The award will be withdrawn at a single rate, with the aim of offering a smooth transition into work and encouraging progression into work.

For parents currently on working tax credit, and in the future, the Government continue to provide support for 70% of child care costs—I am conscious that hon. Members have mentioned child care today. That goes up to a weekly limit of £175 for families with one child and £300 for two or more children. Under the universal credit this support will be extended to those working fewer than 16 hours, which will allow 80,000 additional families to receive help with child care costs. That will give second earners and lone parents, typically women, a stronger incentive to work, and I am proud of all those measures.

I shall deal briefly with child poverty and the way in which the Government see it before concluding. Poverty is about more than income; it is about a lack of opportunity, aspiration and stability. We are keen to tackle its root causes, and ensure that children born in low-income families realise their full potential. I have suggested measures that will help, both in the short and long term, but policy in this area has been distorted by a preoccupation with counting the number of children below a certain line, rather than moving families over a real line, as opposed to an imaginary one.

Jonathan Reynolds: Surely, that is the purpose of working tax credits. As has been said, with universal credit, the Government are going in the opposite direction from the policy that the Minister is pursuing; it disincentives people who wish to go out to work, which goes against what she said about the wider impact and causes of poverty. Incentivising people to go into the workplace is the best solution, but this policy moves in completely the opposite direction.

Miss Smith: Indeed, we need to incentivise people to go into the workplace. However, we have less money than we thought, and we have less money than any previous Government cared to highlight. We have to prioritise who we spend that money on. I would rather give it to people who have no other source of work—in other words, those on out-of-work benefits, rather than those on in-work benefits. That is a sensible principle.

To conclude, the Government have had to take urgent action to tackle what is unsustainable in broader economic terms as well as an unsustainable Welfare Reform Bill. Spending on tax credits has increased from £18 billion in 2003-04 to an estimated £30 billion last year, which is unsustainable and unfair, given the examples that I have mentioned. If we look at the cumulative impact on households of tax, tax credits and benefit reforms introduced both yesterday and before, the top income decile sees the largest reduction in income, both in cash terms and as a percentage of net income. I will take no lectures from the Opposition on believing in more spending, more borrowing and more debt, spent unsustainably and spent unfairly across the income range. I do not think that any working household will thank them for that.

Calculators in Schools

4.42 pm

Elizabeth Truss (South West Norfolk) (Con): I am pleased to have secured this debate on the use of calculators in school. The Library confirmed to me that there has not been a single debate on this subject in the past 10 years, and I suspect that it goes even further back than that. There may never have been a debate in Parliament about the use of calculators in school, but it is extremely important that the subject is given an airing before the curriculum review in 2013.

To make the position clear, I am not anti-calculator. In fact, I count myself a bit of a geek. I was a mainstay of my school computer club, and I was happy to spend time programming in BASIC, and whiled away many a contented teenage hour doing so. However, I believe that technology has to be used in the right way at the right time and at the right age. I do not believe in the micromanagement of teachers, or telling them what they ought to do in the classroom. On the subject of calculators, we must acknowledge that the Government have actively encouraged their use in school through directions in the national curriculum and calculator use in standard assessment tests. We are therefore not looking at a neutral landscape.

Finally, calculator usage is not the only reason for poor maths performance, and I do not seek to claim that it is. We need to look at teaching standards, the curriculum and pupil motivation, but we can say—and there is significant academic evidence for this—that calculator use too early has a negative impact on mathematical ability. Having observed eight-year-olds being taught multiplication on calculators in an English classroom before they have fully grasped and practised key mathematical operations, I am concerned that things are going on in our schools as a result of Government policy about which we need to be mindful and careful.

Most teachers would consider that consolidating skills at the age of seven or eight in division, multiplication and fractions, and introducing proper, formal methods that can be used for a lifetime, are important in preparing students for life. Many of my constituents report that too-easy access to calculators is available in local schools. Failure to secure good basics can result in problems later in school, and we have only to look at the PISA—programme for international student assessment—international league tables, in which Britain is in 28th place, to see that we have a problem.

It is not just a problem in maths. We know that good, early maths helps to develop both logical thinking and skills in abstraction, which are useful in all kinds of analytical subjects and jobs. My hon. Friend the Member for North Swindon (Justin Tomlinson) has been very effective in raising the issue of financial capability and how people can manage their bank accounts, mortgages and loans. To do so, they need a good understanding of arithmetic and mathematics. They need to be able to ready-reckon in their head the purchase they are making or the financial product they are buying. If we do not lay out those basics early on, as a country we will struggle.

This is part of a general problem that we have with technology, which has been highlighted by various IT and technology companies, and by Eric Schmidt of Google. Too often in our schools, technology is seen as a magic box that students use, rather than a tool: they need to understand how something operates, learn to programme it and think for themselves. We are in danger of getting into a sat-nav process whereby students are led through a series of steps, rather than understanding programming and how IT works. On the subject of learning to use IT in schools, I have yet to meet a teenager who is not an expert in using smart phones and making internet searches, but I have met quite a few who are not quite so hot on mental arithmetic. We need to rebalance the skills that we encourage students to learn.

What is in the national curriculum? For seven to 11-year-olds—key stage 2—there is a separate section in the national curriculum on calculator methods. That is an early age at which to teach such methods compared with other countries. The national curriculum is specific about how that ought to be taught—it is pretty dirigiste. Not only are calculator methods set out in the curriculum and encouraged as part of what older primary schoolchildren learn, but they are tested at 11. However, many questions in the test for 11-year-olds do not require a calculator to answer them. I have a sample question from the "calculator allowed" test in mathematics for 2010:

"These are some prices in a flower shop. Tulips: £1.20 for a bunch; roses: 40p each; daffodils, 55p for a bunch. How many roses can you buy for exactly £2?"

Most Members in the Chamber would be able to work that out without using a calculator. That kind of question should encourage thinking and mental arithmetic but, unfortunately, in the tests at the moment, students are asked to use calculator for basic sums.

According to the Trends in International Mathematics and Science Study 2007, calculator use by 10-year-olds in England is the highest of any country in the study. We are an outlier on the matter, and only 2% of 10-year-olds in primary schools in England do not use calculators. If we look at the top-performing countries in PISA 2009, which is generally reckoned to be the most objective international comparison, because all students sit the same test, which they do not do in other studies, we can see lower calculator use and stronger resistance to calculators by teachers in those schools. Zhangzhou, China is the top performer, but that was not covered in the TIMSS test, so I cannot comment on that, but Singapore was number two, and 98% of its 10-year-olds do not use calculators in school. Hong Kong was number three, where 50% of its pupils do not use calculators, and there are very strict limitations on those who do use them to prevent their use for basic computational work. Korea was number four and although its 10-year-olds were not included in the study, even their 14-year-olds had a low usage of calculators. China Taipei was number five.

In 2008, the Department for Children, Schools and Families did a comparative study that showed that teachers felt great caution about the use of calculators in schools. Similarly, the use of calculators in schools in Austria and Germany is very low. Generally speaking, international studies show that calculators get introduced at about the age of nine to 11, and for specific purposes. They are not used for those basic arithmetical operations that I described in the SATs test, but for those cases where only a calculator can be used.

Traditionally, Anglophone and Scandinavian countries have higher calculator use—countries such as the US, Denmark, Australia, Sweden, New Zealand and Finland, but nowhere has such high usage as England. We really are the most keen on calculators. I would describe this country as in love with the calculator, and from a very early age. The use of calculators in other countries has prompted much academic debate, and critiques about it appear in the US, the UK and Scandinavia on both sides of the argument. There is a growing international debate about the use of technology and how we inculcate the basic skills that people need to think before they go on to use technology, rather than thinking of the calculator as a magic box that will solve the answer to every question.

The Massachusetts curriculum—it is the top-performing state in the US—places restrictions on calculator use and says that it cannot be used for basic arithmetic operations. Sweden has a non-calculator exam at the age of 18. Alberta, one of the top-performing Canadian provinces, has a strong focus on mental mathematics. A lot of the Anglophone and Scandinavian countries are now beginning to think about how excessive calculator use at an early age may have impacted on standards in maths and the ability to do maths.

We all know that the west is facing a strong challenge from the east, particularly in respect of human capital and skills and capabilities. All countries would be wise to consider why the east's performance, particularly in subjects such as maths and science, is outstripping that of the western world. I urge the Minister of State, my hon. Friend the Member for Bognor Regis and Littlehampton (Mr Gibb), to consider the place of calculators in the curriculum. We should remove calculator methods from the teaching of children as young as seven and eight, because that is taking time away from getting a good grounding in the basics. If one speaks to teachers in high school, they will often say that students arriving at their schools are not prepared in the basics due to a lack of practice. My fear is that by having a strong section on calculator methods in the curriculum we are taking away time that could be used on preparing children in those basics.

We should also consider the provision of calculators in the SATs tests. I know that there are questions about the overall standards in the SATs. I also know that the Minister is considering them and that he is keen to see more formal methods applied in the curriculum so that pupils learn proper long multiplication and long division. We also need to consider other parts of the curriculum that may be taking up time from that valuable practice in getting the basics right.

Our record is not good. We are 28th in the world according to the PISA league tables, and an outlier according to the OECD in terms of the number of 16 to 18-year-olds studying maths, because, I believe, the start of their maths career was not very good. If we want to get better at maths in this country, we need to start to get those basics right, so we can get more people to do maths. The Chancellor announced yesterday that maths free schools would be an option at 16 to 18 years, but if we do not have the confidence in performing those basic mathematical operations, I fear that we will be unable to get students up to the level to perform later on.

4.54 pm

Justin Tomlinson (North Swindon) (Con): I congratulate my hon. Friend the Member for South West Norfolk (Elizabeth Truss) on securing this excellent debate. I thank her for being kind enough to allow me to make some supportive comments.

As the chair of the all-party parliamentary group on financial education, I absolutely support this call about calculator use because the absolute cornerstone and bedrock to making the next generation of consumers savvy, quick-thinking and financially literate is having a good grasp of mental arithmetic. Without that, it will be impossible for us to deliver improved levels of financial education.

I also speak as a former employer. Time and time again in my business, we almost had to start again with mental arithmetic when we employed people. Mental arithmetic was important for my business, as it is for businesses right across the country. When I meet representatives of businesses of different sizes that frustration is borne out by experience.

Mathematical ability is also incredibly important for personal confidence. This week, I visited an excellent school, Sevenfields, in my constituency. It has transformed itself into an outstanding school, and the main driver behind that is confidence in subjects such as maths, driven by mental arithmetic. Old-fashioned that may be, but it is making a real difference in that school. It is also important to foster personal confidence in students to embrace mathematics. We have been struggling for too long to acquire the number of students who wish to take on maths and progress further. If people can conquer mental arithmetic, they then have the confidence to progress further in maths. In common with my hon. Friend, I am a bit of geek in this respect.

Confidence in maths drives forward the ability to acquire entrepreneurial skills. We see from the "Young Apprentice" TV programme that those young people with good mental arithmetic do particularly well in many of the tasks, particularly haggling. I recall from when I was running my business the number of times when I met suppliers who simply could not do mental arithmetic. They relied on a calculator, which they were embarrassed to use in front of me and which allowed me to run rings round them, and make reasonably good profit margins. That is a serious observation, because that was not just a one-off, but happened time and time again.

For the sake of driving up maths standards, improving confidence and supporting our ongoing financial education campaign, I urge the Minister to get behind this campaign to promote mental arithmetic skills.

4.57 pm

The Minister of State, Department for Education (Mr Nick Gibb): I begin by congratulating my hon. Friend the Member for South West Norfolk (Elizabeth Truss) on securing this interesting debate on a topic of great importance to us all. I take the point made by my hon. Friend the Member for North Swindon (Justin Tomlinson) about the importance of mathematics not just in providing progression to more sophisticated maths, but in day-to-day operation of haggling and securing a good deal. I know that what he said from his

[Mr Nick Gibb]

own business experience is absolutely right, and I am sure that that lack is more pervasive in our economy than people suspect.

My hon. Friend's excellent opening speech reiterated many of the same points that she made in her article published in *The Sunday Times* last week entitled, "Cancel the calculators and make pupils think". I broadly agree with her analysis, and in particular her astute observations on how calculators are overused in classrooms in England. I also agree with her suggestion that there is much that we can learn from the best-performing nations and regions around the world; her analysis of Britain's position in international rankings when it comes to maths; and her conclusion that we need to look again at the way in which calculators are used in primary schools.

Getting mathematics teaching right at an early age is of prime importance, and securing the foundations of mathematical understanding early at primary school will help our pupils to gain mathematical fluency and achieve at GCSE level and beyond. The modern work force demands people with high levels of mathematical ability as employment opportunities become increasingly technological and the importance of the internet continues to grow. There is a growing demand for people with high-level maths skills to become the scientists and engineers of the future. There is an increasing need for people with intermediate maths skills in a whole range of disciplines. That is why the Secretary of State has said that it is the Government's intention that within 10 years the vast majority of young people will study maths from the age of 16 to 19.

My hon. Friend for South West Norfolk is right that this country is an outlier in the number of students continuing to study maths beyond the age of 16. As my hon. Friend rightly pointed out, the UK is falling behind internationally. I make no apologies for reminding other hon. Members—it is my hon. Friend who I am reminding—that over the past 10 years the United Kingdom has dropped down the international league table of school performance, falling from eighth to 28th in maths. PISA results show that many countries are racing ahead of the UK in mathematical attainment. Pupils in Shanghai are working at a level in maths that is about two and a half years ahead of that of their peers in the UK. Pupils from Singapore and Hong Kong are regularly introduced to some mathematical concepts much earlier than their counterparts are in England.

Justin Tomlinson: I saw that happening on a visit to a Taiwanese school. The reason behind it was that the Taiwanese felt it was so essential to their economy to embrace new technologies. They thought that that was the way to improve mathematical and science skills, which was so important to them.

Mr Gibb: My hon. Friend makes his point very eloquently. The debate is not just about the individual's success in life—there is much evidence that those with advanced mathematical skills secure better employment prospects and higher standards of living—but that as a country we need to get it right, which we have not yet done.

As the Trends in International Mathematics and Science Study—or TIMSS—study of maths has shown, those pupils in Singapore and Hong Kong go on to outperform pupils in England in international league tables. As has been said, if we are to compete internationally, it is crucial that we equip our young people with such essential maths skills.

The foundation for more advanced mathematical and scientific study is built in primary school, where pupils can develop a love of, and a fascination with, mathematics. Unfortunately, far too many children leave primary school convinced that they "can't do" maths. Provisional key stage 2 data for the 2011 test year shows that only 80% of pupils reached the expected level in maths, and an even lower proportion reached level 5. Without a solid grounding in arithmetic and early maths in primary school, children go on to struggle with basic mathematical skills throughout their school careers and their adult lives. We cannot allow children to fall behind at that early stage. It is vital that pupils are fluent and confident in calculation before they leave primary school. We cannot expect children to be able to cope with the demands of complicated quadratic equations if they do not have quick and accurate recall of multiplication tables. Indeed, it is not possible to do long division, without being fluent in them.

Elizabeth Truss: Does the Minister agree that understanding basic operations enables one to check calculations? For example, when purchasing an item or considering a mortgage, people can check whether their calculator is right, which provides a sense check. When people have those basic skills, they are equipped for all such difficult situations in later life.

Mr Gibb: I am sure that my hon. Friend is right. Being fluent in the multiplication tables right up to 12 times 12—there are, after all, 12 months in the year and there are 12 in a dozen, which are still frequently used quantities regardless of decimalisation—gives people an instinct for numbers. They can therefore instinctively spot where something is wrong—for example, that the dosage a nurse gives to a patient is out by a factor of five, 10 or 20—because they are used to numbers and do not have to look things up on a chart or use a machine to calculate whether a number is right. It is to provide that instinctive understanding that such basic calculations and repeated practice at primary school are so important.

I also agree with my hon. Friend that we should not hinder pupils' understanding of calculation by allowing them to become dependent on calculators too early. Ofsted recently conducted a survey of 20 top-performing primary schools in maths in the country. The resulting report, entitled "Good Practice in Primary Mathematics: Evidence from 20 Successful Schools", clearly shows the importance of pupils knowing their times tables properly to develop fluency in calculation. Most of the top-performing schools visited for that study introduced calculators only at the very upper end of primary school, and then only to check the answers for calculations carried out by hand. That is often a time when pupils are practising written methods for long multiplication and long division, and adding, multiplying, dividing and subtracting fractions. Finding the common denominator when trying to add one seventh and one

eighth—56—is significantly harder and more boring if children do not know their multiplication tables by heart.

The international evidence is also clear. High-performing jurisdictions around the world, as my hon. Friend so eloquently said in her well-researched speech and article, would limit the use of calculators in the primary mathematics classroom. Guiding principles for the Massachusetts, Singapore and Hong Kong curricula state that calculators should not be used as a replacement for basic understanding and skills. Moreover, the 4th and 6th grade state assessments in Massachusetts, which are the equivalent of years 5 and 7 in this country, do not permit the use of a calculator. Elementary students learn how to perform basic arithmetical operations without using a calculator. Evidence from the most successful educational systems around the world suggests that calculators should be introduced only once pupils have a thorough grounding in number facts or number bonds, including knowing their multiplication tables by heart, and that calculators should be used only to support the teaching of mathematics where the aim is to focus on solving a problem rather than on the process of calculation.

It is crucial that pupils are fluent in using efficient written methods to perform calculations and do not reach for a calculator when faced with a simple addition or multiplication. The most efficient written methods, such as columnar addition and subtraction, allow a pupil to perform calculations quickly. Pupils should be taught them as soon as possible, and not spend years using intermediate methods, such as chunking.

We are currently reviewing the national curriculum to give teachers greater professional freedom over how they organise and teach their subject, and my hon. Friend's analysis of the key stage 2 curriculum was very revealing. The review will be informed by best international practice, and will draw on other evidence about the knowledge children need to deepen their understanding at each stage of their education. Alongside the review, we are looking at how arithmetic is taught in school by engaging in an informal dialogue with maths professionals. Some key areas of consensus are emerging—namely, that there needs to be a renewed focus on quick recall of number facts, such as multiplication tables, and on the importance of consistent, efficient methods of calculation being taught throughout the school.

I believe that technology can be used to enhance teaching across all subjects. In his speech to the Royal Society earlier this year, my right hon. Friend the Secretary of State highlighted the wonderful work being done by, among others, the Li Ka Shing Foundation and the highly respected Stanford Research Institute International on a pilot programme to use interactive software to support the teaching of maths. He also highlighted how computer games developed by Marcus du Sautoy are enabling children to engage with complex mathematical problems that would hitherto have been thought too advanced for them to tackle at such an age.

Children will not be able to cope with the more advanced maths that they will encounter in secondary school unless they are fully fluent in the basics, and introducing calculators too early can risk the development of that fluency. Our focus on getting maths right in primary school also requires a focus on teaching quality, as my hon. Friend hinted at in her analysis of what matters in education. One of the most important characteristics of the best performing education systems around the world is that they recruit the best possible people into teaching and provide them with high-quality professional development. There is clear consensus in the maths community that teachers must have a deep understanding of maths to be fully effective.

Our White Paper "The Importance of Teaching" set out the Government's commitment to provide additional support for the uptake of mathematics and the sciences. In June, the Secretary of State announced that the Government will invest £135 million over the spending review period to support that aim. Much of that will go towards improving the skills of existing teachers. We have followed the example of Finland by expanding Teach First and by providing extra support for top graduates in maths and science to enter teaching.

We have also made the following commitments in the initial teacher training strategy published earlier this month. From 2012-13, we will prioritise the allocation of places to courses with a maths and science specialism over generalist primary courses. That will encourage ITT providers—universities—to offer specialist, rather than generalist, courses. We will fund £43 million in bursaries for new primary teachers, some of which will go to trainees who are training on primary courses that include a specialism. We will offer schools the opportunity to train their own primary specialist teachers, and then employ them as teachers. For 2013-14, we expect to introduce additional financial incentives for trainees who take a maths, science or language specialism as part of their primary ITT course and have a good A-level in maths, a science subject or a language.

The Government have just announced £600 million to be spent on building an additional 100 new free schools by the end of the Parliament. These new schools will include specialist maths schools for pupils between 16 and 18, and their aim will be to produce the outstanding mathematicians of the future. We are funding two cohorts of teachers to undertake the maths specialist teacher programme, which aims to improve the practice and efficacy of primary mathematics teaching. We are also part-funding two further cohorts of the programme.

Evidence around the world clearly shows that high-performing nations ensure that children receive a first-class maths education when it is based on a solid foundation of essential principles of number and calculation. That is why we are making primary-level maths a priority: we are encouraging early mastery of multiplication tables and written calculation methods, limiting the use of calculators, and raising the quality of teaching. Giving children a solid understanding of basic mathematical skills will encourage higher achievement and greater enjoyment in maths, and give every child the best possible start to their school career.

Question put and agreed to.

5.11 pm

Sitting adjourned.

Westminster Hall

Thursday 1 December 2011

[NADINE DORRIES *in the Chair*]

Transport Disruption (Winter 2010)

[Relevant documents: Fifth Report from the Transport Committee, "Keeping the UK Moving: The Impact on Transport of the Winter Weather in December 2010", HC 794, and the Government Response, Sixth Special Report, HC 1467.]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Norman Baker.)*

2.30 pm

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): A year ago today, the UK was in the midst of a very cold spell of weather. North-easterly winds had swept snow in from the Arctic and it fell throughout the country, adding to substantial falls during the last week of November. The temperature barely rose above freezing and was below minus 10° C all day in parts of Scotland.

There were two periods of intense cold weather last winter, from 30 November to 3 December, and from 16 to 22 December. The temperature in December 2010 was 5° C below the average for the month, and there were nine significant snow "events" bringing the most widespread snow in the UK for 30 years. Winter 2010-11 was the third cold winter in succession. We are still waiting to find out whether this winter will be another severe one or whether there will be a return to the milder conditions we had become used to.

The severe weather last December affected aviation severely. Heathrow airport was closed shortly before Christmas and other airports were also disrupted, as were our trains, particularly in Kent and Sussex. Eurostar services were disrupted, with long queues in the cold outside St Pancras station as people tried to get to Paris or Brussels just before Christmas. There were also problems on major and local roads, as well as complaints about pavements and minor roads being left under snow and ice for weeks at a time. The Transport Committee's inquiry looked at all of these issues and we published our report in May. I am pleased to have the opportunity to debate the Government's reply to our report just as winter 2011-12 begins.

First, I pay tribute to David Quarmby, who led a small review team during 2010 that looked at winter resilience in the transport sector. He also audited how transport coped with the first spell of adverse weather a year ago. His analysis has been extremely important: it was comprehensive, and his recommendations were accepted by the Government. Can the Minister confirm that all of the Quarmby recommendations have now been implemented in full? If we have further transport disruption this winter, will he commission an independent review, so that we can continue to learn lessons and improve transport's resilience to bad weather?

Bad weather causes disruption to businesses and individuals and affects normal activities. Mr Quarmby tried to estimate how much the transport disruption due to bad weather last winter cost the UK, and concluded that increased spending on winter resilience by highways authorities could be cost-effective. Since then, the Office for National Statistics has estimated that the adverse weather last December knocked 0.5% off UK GDP during the third quarter of 2010-11, which reduced growth from 0.6% to 0.1% and cost about £1.6 billion, and the Secretary of State for Transport told us that transport disruption cost the nation £280 million per day.

Those are very big figures and they show why there are sound economic reasons for addressing the situation, as well as the inconvenience that transport breakdown in bad weather causes to daily life for most people. A day at home because of heavy snow might be seen by some as fun, but the implications for businesses can be substantial, and many people can be left isolated by bad weather when they cannot get out, cannot get basic provisions and cannot receive their usual visits from friends and relations. In addition to those implications, there are further social consequences: schools can be shut, and vulnerable people can be trapped in their homes, with higher heating bills as a result. Preparing our transport systems for winter is therefore absolutely essential.

One of the issues that our report examined was the importance of long-range weather forecasting. Although it is true to say that short-term forecasts are generally accurate, long-term forecasting is poor—indeed, it is discredited, particularly since the Met Office made its "barbecue summer" predictions a few years ago. The previous Secretary of State for Transport, the right hon. Member for Runnymede and Weybridge (Mr Hammond), suggested that for an investment of £10 million, the Met Office could achieve a big step forward in forecasting capability. We took up that suggestion and recommended that that investment be made. The Government's reply to our report makes no specific comment on that issue, so I ask the Minister to set out the Government's position on that today. Do they agree that there should be further investment in the Met Office or other appropriate organisations? If so, what do they think that investment should be and when will it be made? The Department for Transport told us that it is working across Government to review evidence on winter weather patterns and to test whether current levels of investment in winter resilience are optimised. Again, we would be interested to know the outcome of that work.

Aviation bore the brunt of the transport disruption last winter. Gatwick airport closed for 46 hours from 1 to 3 December, and Heathrow airport closed from 18 to 20 December after 7 cm of snow fell in one hour. At the height of the disruption, 10,000 passengers spent the night in the Heathrow terminals. Not only were the airports closed for a time and flights postponed or cancelled, but there was also the very important question of how passengers' needs were dealt with when that situation arose.

I accept that heavy snow will close any airport in the world for a short period. I also accept that Heathrow is in a particularly difficult position because it operates at virtually full capacity; other airports can recover from disruption more quickly because they are neither as busy nor as full. However, there were problems with how the disruption was handled, which involved the airlines as well as the airports. There was ambiguity about whether or not the airport was closed. Passengers

[Mrs Louise Ellman]

did not know whether to come to the airport or stay at home, and far too many ended up staying for long periods in terminals, worried that they might miss a flight if they left.

BAA was criticised for not implementing its snow plan, for inadequate communications with passengers and airlines and for not having adequate snow and ice-clearing equipment. To BAA's credit, it appointed David Begg to review its winter resilience plans and their operation. He produced a strong report and did not pull any punches. He recommended that Heathrow should adopt

"an improved resilience target that the airport never closes as a result of circumstances beyond its control."

He also recommended improvements to planning and communications. BAA accepted his report's recommendations, which was a very positive move.

We must recognise that, as our hub airport, Heathrow plays a crucial role in maintaining the UK's competitiveness. Is the Minister satisfied that the changes made at Heathrow will make the airport better prepared for winter weather this year? That question relates to its dealing with the initial impact of bad weather, the process and the speed of recovery from disruption, and how passengers' needs are met during that time.

The Committee recommended that the Secretary of State for Transport should designate a senior official to have oversight of the snow plans of major airports. We proposed that idea because we thought that Parliament and the public needed reassurance that the plans put together by the airports were adequate, but the Government rejected that recommendation in its response. I would like the Minister to tell us why today.

One of the ironies was that the very severe airport disruption was not reflected in airport performance measures—indeed, they suggested that business had continued as normal. The Committee recommended that airport regulation should include a measure to assess air travel disruption. I am pleased that a draft airport regulation Bill, the Civil Aviation Bill, has now been published; the Transport Committee will start to scrutinise it next week and will look at the proposed new regulatory regime. We are told that winter resilience will be reflected in the Bill, and I would like to hear more from the Minister, hopefully today, about how that will be achieved. The Committee will pursue the issue in more detail in its pre-legislative scrutiny.

Airports and airlines must do more to look after passengers. It is striking that there seems to be no organisation that represents air passengers' welfare. There was an organisation that dealt with air passengers' needs, but the Government have abandoned their own proposal to move that responsibility to Passenger Focus and it is unclear exactly who is responsible for considering passengers' needs. The responsibility does not lie solely with airports, although they do have very serious responsibilities; airlines, too, should help passengers during periods of disruption. Our Committee recommended that airports should do more to look after passengers at times of disruption, but should be able to reclaim the cost of doing that from the airlines. I am pleased that the Civil Aviation Authority is taking that proposal forward and I look forward to seeing how the idea develops. I am also pleased that, in the draft Bill, the CAA's primary duty will be to passengers, but we need to see how that would operate in practice.

A problem with airport recovery after disruption is in managing flight landings and departures. The previous Secretary of State, the right hon. Member for Runnymede and Weybridge, appeared before our Committee and was asked a lot of questions about this. He suggested that airports might be enabled to impose emergency timetables, with oversight by the Civil Aviation Authority. The Select Committee thought that that was a good idea, but the Government no longer seem as keen as they were to go ahead with it. I would be interested to hear the Minister's views and the Government's current thinking on that proposal.

Gatwick airport brought to our attention another issue: the importance of maintaining surface access to airports to keep them running. Although its runway was clear, staff and passengers struggled to reach Gatwick airport by rail or road. A more co-ordinated approach to managing the response to adverse weather is needed to ensure that such problems are avoided. The Committee felt that, if necessary, the Government should step in to resolve conflicting priorities, but that that should not be necessary and the matter should be dealt with locally. Whether it is passengers or staff who are affected, not being able to get to airports by road can be a serious impediment.

There were also problems with rail services last winter, particularly south of the Thames where the third-rail system was again unable to cope with the snow and ice. Network Rail was caught out by the early start to the winter, with its snow-clearing trains still in depots being converted from their autumn leaf-clearing role. That mistake was not repeated this year and Network Rail has invested £40 million in new snow equipment. A conference of network operators in the south-east was held in November to discuss what further action was taken, and there were a number of detailed discussions about actions taken by various operators. Is the Minister monitoring the outcome of that conference and staying abreast of the practical, preventive steps being taken by Network Rail and the train operating companies to deal with the problems?

The Chancellor announced in his autumn statement that there would be further investment in winter resilience equipment, but we do not have any detail about exactly what that means. Can the Minister explain what the resilience equipment is, how much will be spent and when, and what will happen to make a real difference? It has been accepted, I think, that the long-term answer to the specific problems in the south-east is the replacement of the third-rail system with a safer, more robust form of electrification. It will be expensive, which is perhaps why it has not yet been done, but surely it could be phased in, even if over a longer period. I understand that options are being studied, and I would like to hear more from the Minister about what is happening with the programme for the electrification of the third-rail system.

Passengers across all modes of transport were let down by inadequate information. At times of severe disruption transport delays and breakdowns are inevitable, but information systems must be ready to inform passengers and potential passengers about the situation. Although some breakdowns might occur without notice, others

are known about and indeed can be predicted. Online timetables were not updated quickly enough to take cancellations into account, and many people ended up buying tickets for non-existent trains. Real-time information for passengers on trains and in stations was very poor. When we raised the issue with industry representatives in the Select Committee we were told that there were numerous information systems across the railway, that some of them were very old, and that pulling them together was one of the legacies of privatisation. We did not accept that argument: many years have passed since privatisation, so it cannot be used as an excuse not to have updated systems and not to deal with problems.

We agree with Passenger Focus that a culture of looking after passengers when things go wrong is not yet second nature across the rail industry. That needs to change. The Office of Rail Regulation has published proposals to clarify responsibilities for the provision of information, but in a very recent publication it is unclear whether ORR is talking about a consultation—if so, I would like to know how long it will take—or about making specific proposals. I am interested to hear what knowledge the Minister has of that and what he can do to progress it. The rail industry's national taskforce has also been working on improving real-time information provision ahead of this winter, so is the Minister confident that we are in a better situation than we were last year?

There was major disruption on some motorways, but traffic on the UK's main roads was generally kept moving during the bad weather. Credit should go to the Highways Agency and the local highways authorities, which rose to the challenge and worked hard to keep roads open, in co-ordination with the agency.

During the year before last, there was a great deal of concern about problems in providing sufficient salt to put on the roads to prevent ice from forming. As a result of David Quarmby's review, many changes were made. The arrangements had considerable success and resulted in great improvement. We felt that the Government's strategic salt arrangements worked well, generally speaking, although some local authorities did complain about transparency, distribution and the cost of the salt. However, improvement was made. Had last year's bad weather continued for longer than it did, further issues might have been raised about the adequacy of salt provision. What are the Minister's views on the salt situation for the current year and next year? Does he think that there is enough salt to deal with a long bad winter? Are we in a better position than last year? I repeat that last year was dealt with much better than the year before. Salt provision and co-ordination arrangements among the Government, regional organisations, local authorities and salt suppliers worked far better.

Public support is widespread for more action to clear pavements and minor roads during periods of disruption, particularly to maintain access to facilities such as schools and health centres. Often when we discuss disruption to transport networks in bad weather, there is a perhaps inevitable focus on major roads and major transport networks. They are clearly of economic importance and they matter for the country as a whole, but it is also a problem if somebody living in a local road cannot get out, is worried about falling or cannot get access to goods, services, basic amenities or friends. Sometimes, by concentrating on the big questions and challenges, we do not give sufficient attention to the local issues that matter so much to individuals. In particular, it is vital to maintain access to facilities such as schools and health centres.

Voluntary effort has a role to play. Some local authorities have been involved in organising it, some have taken steps such as providing grit bins at the ends of roads and some are considering what else they can do locally this year. Our Committee asked that the Government make available online more practical information about what people can do voluntarily, such as helping clear pavements outside their own premises, after the publication last year of the snow code, which provided reassurances about potential legal liabilities. Local problems such as side roads and access to local homes need addressing. Do the Government have any comments on that? I know that local authorities are considering it. Given their financial problems, they are restricted in what they can do, but it is important and should not be neglected.

Our report reflected our concern about how many drivers appear unprepared for winter weather. According to an AA survey, nearly half are unprepared. Has the Department done anything to encourage drivers to be better prepared this year? Last year, drivers were warned that they should make only essential journeys in bad weather. It is often difficult to define what essential journeys are. Many people think that their journey is essential if they want to go out, but there is no further clarity about what that means. We thought that the police and the Department should develop a set of travel warnings to provide clearer guidance to the public about what sorts of journey they should not undertake during particular types of bad weather. The Highways Agency agreed to consider that recommendation. It would be helpful to know whether any progress has been made.

At our inquiry, we heard from the Freight Transport Association, which asked for specific snow and ice warnings for HGVs, similar to current warnings about high winds. I understand that that recommendation has been accepted. Will the Minister confirm that? If that has been done, it will be helpful. Parts of the major road network, such as certain hills or junctions in exposed areas, are particularly prone to disruption in severe winter weather. We suggested that the Highways Agency should deploy its traffic officers in such areas during bad weather to help clear blockages and deal with problems as quickly as possible. Some of the public reaction during the bad weather came from people trapped in vehicles behind blockages on the road. They were concerned that the blockages had not been removed and felt that more warnings should have been given or more urgent action taken. The Government agreed with our concern, but it would be helpful to know whether specific action is being taken to address the problem.

Our report covered a great deal of ground. I have referred to most of the areas involved, but there were many concerns involving all modes of transport. It was also essential to consider the needs of the non-travelling public. Our report asked for better information at all levels and more co-ordination to secure effective action, as well as more investment targeted at the most appropriate places. With more accurate information about weather and road conditions, train services and flights, people can make better informed judgments about whether to travel, and transport providers can plan better.

[Mrs Louise Ellman]

I hope that our work has helped the Government respond to the policy challenges highlighted by last December's bad weather, and I hope that it has shown our main transport providers that they should be doing more to put passenger welfare first. Our report considered how effective co-ordination of information and action—including preventive action, action to deal with problems and recovery—can mitigate the impact of bad weather in an ongoing process. I hope that our report contributes to enabling transportation links to operate in the interests of the public despite bad weather.

2.57 pm

Simon Wright (Norwich South) (LD): I am grateful for the opportunity to contribute to this debate. I congratulate the Select Committee on Transport on its report, which made numerous recommendations that many of us can support. I will speak briefly about the recommendations relating to better weather forecasting and the provision of improved warnings and travel information to drivers.

Achieving better medium and long-term forecasting would allow transport operators to plan better for problems ahead. We start in a good position. The Met Office is widely recognised as one of the best weather predictors in the world, providing accurate and reliable forecasts over various time scales. The Met Office relies increasingly on supercomputing to carry out its work. Developing capacity and capability is vital if it is to undertake more detailed forecasting in future.

The science is available now to predict weather better, but computing power is required to realise that science. In the past, meteorology applied to weather forecasting had the most cutting-edge computing power available. Today, that is no longer the case, but last winter showed us that it is still needed. Better computing power means that the science can be applied in ever higher degrees of resolution.

The investment required to ensure that the Met Office has adequate computing power is probably about £15 million a year. That is a little more than the hon. Member for Liverpool, Riverside (Mrs Ellman) suggested, but it is in the same ballpark. That investment would bring tangible benefits to the UK through improved short-range weather forecasts, long-term predictions and climate change projections.

The economic case for better forecasting is clear in relation to advance planning for extreme weather events affecting transport infrastructure, but other opportunities would arise from better flooding, snowstorm and high wind forecasting. The insurance industry, which has a strong presence in my constituency, also stands to benefit, given that two thirds of the world's insured losses are related to natural events. Getting information out early means that businesses and communities can plan their activities and, in extreme events, possibly save lives, too. For long-term planning, the improvements in climate modelling from improved computing power would help significantly to inform investment in and delivery of major transport infrastructure projects. The Met Office's public weather service at present is already worth more than £500 million to the economy. Increasing computing power would increase that even more. The sooner we invest in improving the supercomputing capacity of the Met Office, the sooner the UK will see the social and economic benefits.

I also want to say a few words about how best to communicate the impact of weather on driving conditions. At present, the Met Office-issued warnings are to be interpreted by drivers based on The Highway Code, with advice provided through the media by the Highways Agency and police. Last winter, drivers were advised at the height of the extreme weather conditions not to use the roads unless they had to. However, the interpretation by drivers of this advice is not clear. Do people who hear this message ask themselves, "Do I need to use my car to make this journey?"—the answer to which is often yes—or do they ask themselves, "Will there be serious implications to not making this journey at all?", in which case the answer might be no?

It needs to be noted by Ministers that the Highways Agency research on driving behaviour in the winter before last shows that there had been little change in behaviour, despite the severity of the weather and the warnings issued. I strongly support the Committee's recommendation for research into travel messages and how they influence behaviour, or fail to. The nature of language used, consistency of message and clarity for the recipients are all vital. If we are to tell people not to travel unless necessary, they need to be clear about what circumstances are and are not necessary. Perhaps advice needs to be more direct—"Do not travel unless there is a medical need to do so." Perhaps different levels of alert could be devised, but let us support proper research into the issue so that we can know what makes a difference and what does not, rather than simply tweak existing practices that have not always delivered results.

Websites can also play an important role to help drivers plan their journeys. The Highways Agency's Traffic England website, for example, provides real-time information on any problems on the motorway and A-road network. We need to make sure that drivers are aware of such tools, but we also need to recognise that at times of high demand some websites simply cannot cope. There were reports on some days of extreme weather last winter that traffic information websites were going down. For those drivers who are already out on the roads, it is vital that every effort is made to ensure that there is access to real, in-time information about the conditions on particular routes, and that drivers are able to adjust their routes as necessary, including before joining, and therefore adding to, existing problems on roads.

The AA's survey of drivers has already been mentioned. It highlighted that drivers most wanted to be actively directed away from motorways if there were problems, and that they supported the use of the police to carry out that function. Roadside assistance could also be delivered through improved information and signage. I support efforts by the Highways Agency to develop the use of variable message signs and the expanded use of similar technologies across the road network where appropriate.

The ever-increasing availability and use of in-car technologies, such as sat-nav and smart phones, mean that new opportunities are available for providing real-time data specific to the interest of the individual driver following a specific route. Again, I think that the Highways Agency has an important role to play, working with

providers of data-based services, to ensure that the data that it provides are as complete and as usable as they can be. There is even a role for the agency to help develop data applications of its own where needed.

We need to get weather forecasting as good as it can be, and we need people who are both planning journeys and driving on our roads to have access to the most up to date and accurate information about the weather and the condition of particular routes, and a system of warnings that are proven to be effective in changing driver behaviour when the conditions require it.

3.4 pm

Julie Hilling (Bolton West) (Lab): We have been so lucky so far this winter, but that seems to me to be part of the problem in this country with winter resilience. We have winter after winter with very little snow and ice, but then have winters like the previous three. At a time of dreadful cuts to budgets across the piece, it can be easy to make winter preparedness a lower priority, especially for weather events that do not happen every year. A few years ago, one of my local authorities sold one of its snow ploughs, because if felt that our winters had warmed. I think that, last year, it might have regretted that decision.

I want to focus on the people end of the problem with winter weather. Colleagues already have talked and, I am sure, will talk about airports, major roads and rail. I have quite a large constituency, the ground of which varies from being quite high to quite low. The highest parts are the west Pennine moors and, like any high ground, there can be snow there when there is none lower down in the constituency. In fact, I have sat in a constituent's house in Horwich in absolute panic, because the snow had started to lie heavily, wondering how on earth I was going to get home, but by the time I got home at the other end of the constituency I ran into only a little drizzle. As they say in Lancashire, it is an overcoat colder up at one end. That illustrates graphically the need for accurate, localised information.

I am sure that all colleagues present would share my frustration at seeing a sign at the start of the M1 that says that the M6 is closed at junction 16, because a driver does not know whether it will still be closed when they get there in three hours' time. I recognise the limitation of roadside signs—it is not possible to put a huge amount of information on them—but we need that localised information, and we need it on local radio, websites, sat-navs and other electronic devices. It is hugely important that that information is regularly updated, because, too often, information is left on those sites long after the obstruction or the problem has been cleared, which leads to an absolute lack of trust in the information when the driver gets there and the road is no longer closed.

This is not just a bad-weather issue, because we need that information all year round, whether it relates to accidents, roadworks or other incidents on our highways. As I have said, the information needs to be localised. In my experience of my locality, certain main thoroughfares are cleared as quickly as possible. I have no complaints whatsoever about the speed with which that is done, bearing in mind the weather conditions over the past couple of years. However, one would expect other roads that one considers to be main thoroughfares to be cleared, but they are not because they are not in the local authority's plan. I am concerned about some of those routes. They can be quite major roads and side roads on which, in parts of my constituency, cars can be trapped for many days.

The then Transport Secretary, the current Defence Secretary, told the Transport Committee that the issue of snow clearance is one for local authorities, but I do not think it is enough to leave it to local authorities. More should be done to set expectations and to support them with funding allocations, taking those areas that are prone to severe weather conditions into particular account.

There is also an issue with particular parts of local authority areas. Johnson Fold, a council estate in my constituency, has some of the highest housing in the borough, on the edge of the moors. Two winters ago, when the rest of the borough had defrosted, Johnson Fold was still snow and ice-bound. I came across elderly people who had been trapped in their homes for three weeks. The vast majority of residents, particularly on this estate, are of limited means, so they cannot purchase additional help to clear roads and paths. There are fewer cars on the roads, because they do not have as many cars as those in the more affluent areas, so the traffic flow does not get rid of snow and ice, either.

I appreciate the then Secretary of State's suggestion of voluntary snow wardens. What has happened to them, and how much progress has been made? Standards should be set whereby resources that are no longer needed on major networks are used in the more remote areas, so that they are not disproportionately affected, and I think that that advice and those standards should be led by the Government.

That leads me to another concern of mine about pavements, which we seem to leave entirely to local authority discretion. I accept that pavements might not be their first priority, but we need to get our thoroughfares going, because they are part of our transport system; people need to walk to and from trains and buses, and they walk to work and other places. Again, it seems that some standards should be set. I know that different things happen in different local authorities, and when the bins could not be collected in two local authorities in my area, staff were transferred to clearing the pavements, but more standards should be set.

I say that because these problems lead to costs in other areas. They lead to increased costs in the health service because accidents occur and people have slips and falls. They also lead to costs in the economy at large when people cannot get to and from work or to shops to trade with people who are trying to run their businesses. Should those additional costs, which lie outside transport in the smallest sense, be factored into the economic costs of severe whether?

The hon. Member for Norwich South (Simon Wright) talked about people being given information, but do the cuts to what the Government call their marketing budget—I would call it their information service—mean that less information is being provided to people through traditional means, such as television adverts and literature? Does that mean that people are less prepared? Do they have shovels and blankets in their cars? Should the Government review their expenditure on advertising safety measures? I do not think we are giving people some of the public information advice they need, particularly on safety.

[Julie Hilling]

Finally, how will the cuts and potential cuts to the BBC and local radio services affect the travel services on which we all rely? Those services give very localised information about hold-ups and blockages, but will that information be affected by cuts at the BBC?

3.12 pm

John Woodcock (Barrow and Furness) (Lab/Co-op): It is a pleasure to serve under you as Chair, Ms Dorries. This is an important and timely debate, and I congratulate the members of the Transport Committee on their valuable and constructive report and on securing this slot. I also congratulate the Committee Chair, my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), on her excellent opening speech. She will be delighted to know that I will reinforce many of the points she made.

A year ago this week, Britain was hit hard by extreme winter weather and experienced the earliest snowfall for 17 years. Temperatures fell as low as minus 21°C—temperatures not normally associated with the UK. The snow and cold were extremely prolonged, extending right through to Christmas and the new year, and we are well aware of the impact they had on Britain's transport networks: thousands of flights were cancelled at major airports; passengers were trapped overnight on stranded trains; motorways were closed for hours on end after accidents; and people were trapped in their houses as councils ran low on salt to treat roads.

It was an exceptional winter, and it would be unrealistic to claim that Britain could have got through it without some disruption to our transport networks. No one blames the Government for the thickness of the snow, but it is right to ask how prepared and resilient they enabled the country to be. The 2009 winter under the Labour Government was also harsh and caused transport disruption, leading to the establishment of the Quarmby review. The following year, it became clear that the new Government had not gone far enough in putting David Quarmby's recommendations in place, despite having received the interim report in July.

On salt supplies, in particular, although the distribution method may have improved, as the Committee's report noted, the Government gave the impression of being asleep on the job. In its April report on the winter disruption, the Committee identified criticism from the Local Government Association, which said that recommendations on reducing salt spreading rates came far too late in the planning process. The AA and the Royal Automobile Club had concerns about the resilience of the UK's salt supply arrangements, while the Institute of Highway Engineers said that the strategic salt supply was inadequate.

The Committee noted that Ministers claimed credit for having a stockpile of salt left at the end of the winter, but the truth is that we got lucky. The UK went into the winter with less salt than recommended by David Quarmby's report. From parliamentary questions I have tabled, we know that 60% of Britain's stock of salt was used up by the end of December. Had milder weather not prevailed in the new year, we would have faced much more widespread road closures. Last winter, Britain's salt stocks and distribution systems came close to being inadequate to meet the challenge we faced. We are fortunate that we have not faced early snow this year, but we need to know that stocks and systems are in place to respond if and when severe weather strikes.

I would be grateful if the Minister answered a number of questions on road issues. Is he confident that, as of today, the UK has a large enough stockpile to cope with a prolonged period of extreme weather? What measures are in place to ensure that stocks can be replenished, from domestic or international resources, over the winter? As an aside, let me say that I was grateful that the Leader of the Opposition sent me down the salt mine at Winsford last year. It was an excellent experience, and I recommend that the Minister takes the opportunity to visit it.

What measures has the Minister taken to ensure that the salt distribution network is robust, even in severe weather? Are his officials in a position to provide more timely information and advice to local authorities on the availability of strategic salt stocks and on recommended salt spreading rates? During last year's severe weather, the Highways Agency phone line for providing information on road conditions and reporting hazards missed its targets for response times in three separate weeks. What measures have been put in place to ensure the phone line has the capacity to function properly this year?

Just as we cannot afford Britain's road network to seize up, so we must avoid a repeat of the disruption, delays, distress and economic damage caused by the failure of airports and parts of the rail network to function as well as they should have during the severe weather. The Select Committee report acknowledges that decisions on investment in both sectors are often rightly in the hands of private sector bodies, but that cannot mean that the Government wash their hands of responsibility.

Our major airports are an essential part of our strategic transport system and our economic competitiveness. The Begg report clearly gave the impression that provisions at Heathrow for dealing with severe weather and recovering from a period of enforced closure were woefully inadequate. Heathrow's status as a global hub airport faces intense competition, and an inability to cope well with severe weather will not help it in any way. Let me therefore reinforce the importance of the question asked by my hon. Friend the Member for Liverpool, Riverside by asking whether sufficient runway clearing equipment is now in place at Heathrow and other airports. What involvement have Transport Ministers had in signing off revised snow plans for those airports?

The major problems on the railways last year revolved around the third-rail electrified network in the south-east. I was pleased to note from a written answer I received that some de-icing vehicles were made available for that network earlier this year. In October I was informed that 16 anti-icing multi-purpose vehicles and six snow and ice treatment trains would be available from today, 1 December. Are those indeed in place? Can the Minister also confirm whether locomotives are available on the third-rail network to rescue stalled trains? In the longer term, as my hon. Friend the Member for Liverpool, Riverside alluded to, the Quarmby review recommended that Ministers should look seriously at whether the time had come to replace the top contact system of third-rail electrification. No one should underestimate the scale of the cost of such a proposal, but it has warranted no mention in the national infrastructure plan, which was published on Tuesday. Has there been any work on the recommendation, and what conclusions have been reached?

Last year, as has been mentioned extensively, one of rail travellers' key complaints was the failure of information systems. Often, station information screens were blank, because contingency timetables had not been uploaded to the national computer system. What measures are in place to prevent a reoccurrence of that problem? Some train operators provided a good standard of information, through both traditional and social media methods, throughout the disruption. Others seemed at times to give up. What discussions has the Minister had with the Association of Train Operating Companies and individual companies to ensure that best practice will be spread across the industry and that poor performers can be penalised?

On several occasions last year, passengers were trapped on powerless, stalled trains, without emergency blankets or emergency supplies of food or drink. On 27 October this year at column 285W I asked a written question on whether provision had been made for such supplies to be carried on trains during severe weather. I was concerned to receive a response that stated simply that the matter was the concern of the operating companies. We need Ministers to take a more hands-on approach than that. If necessary, they should consider instructing companies to make such provision. Will the Minister make a commitment to consider the issue and carry out a full analysis of which operating companies have made arrangements to carry blankets, water and food?

Following three severe winters, questions are rightly being asked about whether we have the right balance of investment for winter resilience. Governments of all shades, in recent decades, have perceived a decline in instances of severe winter weather, and have made investment decisions accordingly. It is possible, whether as a result of climate change or not, that we may need to revise our approach. After last winter, the then Secretary of State made a commitment to studying whether there was evidence that the cost-benefit analysis of investment in winter resilience had shifted. I would be grateful if the Minister would update us on any such work that is taking place.

When the Minister answers the question of my hon. Friend the Member for Liverpool, Riverside about the announcement of funding in the autumn statement, will he make it clear whether the investment that is being made will ensure that all the additional capacity that is being bought will be available this winter?

3.23 pm

The Parliamentary Under-Secretary of State for Transport (Norman Baker): A huge range of questions were asked in the debate, and I will do my best to get through them. I thank the Select Committee on Transport for initiating the study and for producing a helpful and balanced report—indeed, its Chair, the hon. Member for Liverpool, Riverside (Mrs Ellman), made a helpful and balanced contribution today. The Committee is doing its job and the Government have found its comments useful in focusing our attention on the important issues.

As the hon. Lady and the Opposition spokesman, the hon. Member for Barrow and Furness (John Woodcock), said, last winter was extraordinarily cold. The hon. Gentleman referred to the fact that the temperature reached its lowest for 17 years; it was indeed exceptional. I am grateful that he did not seek to blame the Government for the weather—he almost did, but not quite. *[Interruption.]* If he wants to, that is fine. We were collectively—not just the Government, but local authorities and transport providers—better prepared in 2010 than in 2009, which also saw serious weather. I think that we are better prepared in 2011 than we were in 2010.

The availability of salt stocks has been mentioned. The hon. Member for Barrow and Furness said his leader sent him down a salt mine; my leader has not sent me down one yet, but perhaps that will come if I do not perform well this afternoon. I am happy to say that salt stocks are healthy: in October there were 2,755,000 tonnes of salt stocks, which compares favourably with—indeed, it is considerably more than—what we had last year. There were no problems with salt stocks either this year or last year. Had we had a Siberian winter, no doubt we might have had a problem, but even with an exceptional winter the salt stocks were perfectly adequate. We now have more stocks than last year, and having undertaken a survey of all local authorities, and all councils bar two have responded, we are confident about the figures we quote. In addition, we have published guidance on salt spread rates, which is available on the UK Roads Liaison Group website and through the Highways Agency. We are well prepared this year.

The hon. Member for Liverpool, Riverside asked whether all the Quarmby recommendations had been implemented in full. She will know that some of them were not for the Department for Transport, so I cannot definitively say whether all the local authorities have implemented all the measures identified for them. However, all the recommendations that relate to the Department for Transport have either been completely implemented, or have made significant progress toward implementation. If the hon. Lady wants to pursue a particular point, I shall be happy subsequently to provide her with information in recommendation-by-recommendation form; that is perfectly possible.

The hon. Lady asked whether we would have an independent review this winter. I hope that that will not be necessary. We are better prepared—I shall explain why I think so in a moment—and so are transport providers. If something were to go awry we would want to examine what happened—as would the Committee, I am sure—but I hope that will not happen.

The hon. Lady and my hon. Friend the Member for Norwich South (Simon Wright) highlighted the importance of preparations by the Met Office and the capacity to identify future weather patterns—at least beyond a few days. I believe that last winter the Met Office forecasts broadly reflected what occurred, which was useful, but it remains the case that severity can vary over relatively small distances, so an element of operational judgment on how reliable the information is will always be required by transport providers and, indeed—to pick up the point made by the hon. Member for Bolton West (Julie Hilling)—by those who make their own judgments about whether to venture out. Weather in this country can change markedly within five or 10 miles, so it is difficult to get even local radio forecasts very accurate. Incidentally, I am not responsible for BBC local radio cuts, and nor are the Government: it is a matter for the BBC what it does. I simply hope that the BBC can protect local radio, which is a valuable service and information source for the country.

[Norman Baker]

The hon. Member for Liverpool, Riverside and my hon. Friend the Member for Norwich South both rightly asked about a potential £10 million investment in supercomputing capability for weather forecasting. We are considering that suggestion sympathetically. There is a need to understand the benefits of more detailed forecasting and its role alongside other measures designed to increase the resilience of transport infrastructure to disruption from extreme winter weather. We are working with economic and scientific colleagues across Government to review the evidence about winter weather patterns and to test whether current levels of investment in winter resilience are being optimised. The Met Office raised the idea of supercomputing capability. Perhaps the hon. Member for Liverpool, Riverside, as Committee Chair, knows that the previous Transport Secretary commissioned a review by the chief economist and chief scientist at the Department for Transport to establish whether there was a case for greater investment in measures to improve winter resilience. That review is also formally assessing the business case, and, if it is viable, the potential funding options for such an investment. The present Secretary of State has the report on her desk and will publish it shortly.

The response of aviation was rightly raised. It is undoubtedly true that there were significant problems at Heathrow last year, to which hon. Members rightly drew attention. The Committee referred to the criticism that major airports were under-investing in winter resilience equipment, and thought that that was borne out. The hon. Member for Liverpool, Riverside also mentioned the David Begg report in her opening remarks and the useful work that he has done. As she knows, we broadly agree with the thrust of the Committee's observation on the level of airports' investment in winter resilience. However, Heathrow and Gatwick have taken on board the need to do rather better than last year. They have put in place revised arrangements and made new investment to reduce the risk of disruption as a result of future severe winter events.

I can confirm that both airports have made significant investment in additional snow and ice clearance capacity and that Heathrow has committed more than £30 million to date, including on tripling its snow and ice clearance vehicle fleet and quadrupling staff numbers available for snow clearance. Gatwick has invested £8 million in further snow and ice clearance equipment, including the acquisition of snow clearance vehicles from Switzerland and the subsequent acquisition of 30 additional vehicles. Both airports have revised their operational command and control procedures to improve their response to severe weather.

At Heathrow airport, operators and others who use the airport have agreed capacity contingency plans that are enforceable through the airport's local rules. Those plans will be initiated during periods of temporarily reduced capacity to deliver an effective schedule for passengers. Heathrow has tripled the number of vehicles available for snow clearance compared with December 2010—there are now 185 vehicles at the airport. It has increased the number of staff available for snow clearance from 117 to 468 per shift and it has a new reservist role, so that 950 non-operational staff can be deployed. It has agreed with industry on a new process for managing the necessary flight cancellations during disruption, which was mentioned, so that passengers have more timely and accurate information about whether their flight is operating. I entirely agree that it is important to do that given what happened last year at the airport. In answer to the hon. Member for Barrow and Furness, yes, I am confident that Heathrow and Gatwick are much better prepared this year than they were last year. There was, indeed, an ambiguity about whether Heathrow was closed. That was not helpful and I am hopeful—confident, even—that that will not occur this year.

The issue of emergency timetables was also mentioned in relation to Heathrow. As the hon. Lady rightly said, the former Secretary of State for Transport raised that possibility, and it is worth considering the matter. In principle, the Committee said that it can see the benefits to passengers of imposing an emergency timetable at busy airports. The Civil Aviation Authority will continue its work on improving airports' resilience, including by monitoring the progress made by airports to improve their performance through the implementation of agreed capacity reduction plans in relation to an emergency timetable where appropriate. The operators and others at Heathrow airport unanimously agreed to capacity contingency plans being enforceable through the airport local rules. They will be introducing such plans if necessary as a result of the requirements that the winter imposes on them.

The Chair of the Select Committee referred to future plans for the CAA. Let me just find the relevant note on that. The hon. Lady was concerned about the draft Civil Aviation Bill and the plans for passenger representation. As I have already mentioned, the Civil Aviation Authority will continue to monitor the progress made by airports to improve their performance. There will be enforcement through the CAA through licensed conditions to facilitate greater airport resilience and a better passenger experience during any disruption. The CAA is taking an active interest in that matter, as I think the hon. Lady recognises.

There has also been an attempt to ensure better surface access to airports during disruption, which the hon. Lady mentioned. I can assure her that the Department for Transport will be monitoring future events, including access to airports, to ensure that there is co-ordination between modes of transport. That was recommendation 14 of the Committee's report. We are engaging and have engaged with transport operators already to ensure that contingency plans are in place to deal with any events this year. However, although we and the operators can make the best plans possible, we are dependent on the weather. We cannot prepare for every single eventuality; we can simply do our best under the circumstances and ensure that we respond as best we can.

The information provided to passengers was raised by a couple of hon. Members. It is certainly true that the information on airlines and trains provided to passengers was not at its best. Some train companies are better than others, but we are concerned that accurate information needs to be provided on a timely basis, including on whether or not to travel. That needs to be clear. The hon. Member for Barrow and Furness asked what discussions I have had on either winter preparedness or passenger information during disruption. I have had extensive discussions with the train companies and with Network Rail. I have met them regularly on a monthly basis. During those meetings, we have considered passenger

information during disruption and winter preparedness to try to ensure that, first, the trains are able to run—I will come on to the infrastructure points in a moment—and, secondly, that when something does occur, passengers are properly informed about what is happening and what action they should take.

That includes, as I mentioned in a debate yesterday or the day before, ensuring that when a train is stranded, appropriate steps are taken to ensure that passengers can get to a station as soon as possible, rather than potentially being stranded for a long time on a train. However, it is not appropriate to micro-manage train companies and for Department for Transport officials to count how many blankets are on trains. We have a responsibility to indicate to train companies that they should be prepared, but it is for them to take that forward on their own basis and to ensure they are properly prepared. Ultimately, the buck stops with them. We do not own the train companies, but we have a right to say to them that they should be prepared, and we have done that. However, it is up to them to ensure that they take that forward in their own way and they will be held accountable for any shortcomings that occur as a consequence.

Two or three hon. Members raised the matter of pavements. I entirely agree about the lack of attention that some local authorities have sometimes given to pavements. It is wrong simply to assume that people in vehicles are the only ones who matter. Many people have to get from A to B on foot and they deserve proper consideration, too. On a purely practical basis, there is no point keeping a bus route clear if the whole pavement around the bus stop is a sheet of ice, which I saw in my town of Lewes last winter. There needs to be some joined-up thinking. There also needs to be some thinking from local authorities to identify important passenger routes, such as doctors' surgeries, to ensure that essential journeys carried out by foot can take place. I hope that the hon. Member for Bolton West will appreciate that, again, it is not for us to tell local authorities which roads and pavements should be clear, but as I have made plain to the Local Government Association and others, it is incumbent on them to think about the needs of those who are on foot, as well as those who are in vehicles.

I hope that we have made it easier for individuals who want to help to take action themselves by removing the suggestion that they will be subject to legal action if they clear their path or help in any other way. It was unhelpful that that suggestion got around and we have knocked it on the head. We have made it clear that we welcome people taking sensible steps to keep pavements clear both for themselves and for other people. We are also grateful to the farming community for the steps it has taken to ensure that it can help with vehicles that, for example, are stranded in country lanes and that would otherwise be there for some time. The idea that people should help each other is not new, but it does not do any harm to reiterate it today.

I have dealt with emergency timetables, the CAA and the surface access. On the Highways Agency and crisis response, I am happy to say that the agency has developed and implemented a revised crisis management policy to co-ordinate its services better during a severe winter incident. That policy ensures that an appropriate level of Highways Agency command is in place to take over all strategic management. Its aim is improved co-ordination, thereby mitigating the impact of severe weather in the first instance and, if necessary, helping to speed up the recovery of the network. As the hon. Member for Liverpool, Riverside said, the Highways Agency did a pretty good job last year, but obviously there is still room for improvement and we are keen to see that.

John Woodcock: Does that include extra capacity on the emergency telephone line, if needed? If the Minister is not sure of the answer, will he write to me?

Norman Baker: I will mull that over and provide an answer before the end of the debate.

The hon. Gentleman asked about snow wardens. The Local Government Group has set up a website for local authorities to share best practice, including what to do about snow wardens and encouraging that process. I understand that many authorities already have snow warden schemes in place.

The hon. Member for Bolton West suggested that we might do more to lean on local authorities. We try to resist the temptation to suggest that Whitehall knows best—that we can always run what happens in Kettering better than people in Kettering can. We do not want to do that. I draw the hon. Lady's attention to the fact that a local authority has a general duty under section 41 of the Highways Act 1980 to ensure, as far as is reasonably practical, that safe passage along a highway is not threatened by snow or ice. If she or anyone else thinks that local authorities are failing in that duty, they can of course pursue them appropriately, but that is the general duty that I hope gives some reassurance and cover.

I was asked about variable message signs on highways to improve the information that can be displayed. I take the point that sometimes messages are first seen from a long way away and may not be current when they are reached. I also take the point—I referred to it earlier—that localised weather conditions can be such that the message actually gives inaccurate information. However, the Highways Agency is widening the use of variable message signs to improve the messages that can be displayed during severe weather. They will now be able to be used to provide severe weather-related incident information and warnings of forecasts of severe weather, as well as messages saying that weather will be particularly bad in any particular area. The agency is trying to provide that information in a more localised and more up-to-date fashion, bearing in mind the constraints that I mentioned.

As was mentioned, the Highways Agency is developing a comprehensive publicity campaign for this winter, which is aimed at encouraging road users to take more responsibility for their actions during severe weather through focused messages. Road users are being encouraged to plan their journeys ahead of severe weather, to check weather forecasts before setting out, and to prepare their car and carry an emergency kit with them. Variable messages will be used to make that point to drivers. The campaign is called "Make time for winter". I am happy to tell the hon. Member for Liverpool, Riverside that that partnership marketing campaign takes on board the comments made by her Committee and responds directly to them. The campaign was launched on 24 October, in unison with the Cabinet Office's "Get Ready for Winter" and Scotland's "Ready Scotland" campaigns. I hope that they will be useful in making drivers consider their actions carefully throughout the winter period.

[Norman Baker]

It is difficult to be specific about whether drivers should go out. Ultimately, people have to make their own judgments based on common sense. It is common for the Government to tell individuals not to fly to a particular country because of the political situation unless they have to. We have to rely on individuals to make those judgments for themselves. All we can do is put a flag up and say, "Hang on a minute, look at the facts in this particular case." That is what we will try to do.

The information about Highways Agency telephone lines has now come to me. I am told that the agency has a wide range of channels for members of the public to contact it and is not aware of any particular problems with the telephone line systems. However, as the hon. Member for Barrow and Furness raised the matter, I will look into it and write to him with any further information.

The Highways Agency carried out a complete review of its performance last winter, taking into account the recommendations of both the Transport Committee and the Quarmby audit. It has worked with a number of key stakeholders to develop measures to improve preparedness for severe weather this winter. I have referred to some of those measures, but it is also carrying out a series of winter snow desk exercises and stakeholder briefing sessions to test its preparedness for the coming winter, and issuing guidance to service providers to confirm elements of the winter service that need to be exercised in advance of winter. It has taken other steps, including better liaison with the Met Office.

I mentioned that I regularly raise passenger information during disruption with train companies. It may be useful for hon. Members to know that the Office of Rail Regulation has been consulting on making good passenger information a licence condition for train operating companies. I understand that it is likely to announce its conclusions shortly, after consultation, and I will be interested to hear what it says—it is, of course, independent of Government.

It may be useful to comment on the train companies' preparation in terms of both trains and the network, so that we can be more confident than perhaps some people have been in the resilience of the rail network for the coming winter. I think that it is fair to say that both the train companies and Network Rail have taken significant steps to improve their preparedness compared with last year—and, indeed, last year was better than the year before. Network Rail now has key route strategies for each route, which set out arrangements for keeping route lines and critical junctions open and which facilities can be expected to be provided.

On the routes that are electrified with third-rail current—a point raised by the hon. Member for Barrow and Furness—which are by and large south of London, Network Rail has introduced conductor rail heating in critical locations, which will keep it clear of snow and ice. The pilot projects so far have been successful and we are considering further roll-out. Network Rail has also introduced a new and improved snow and ice clearance train, including a snow plough and equipment to keep the conductor rail free of ice and snow. The hon. Gentleman also asked whether the commitment to meet certain deadlines by 1 December had been met. I am assured that the answer is yes, it has been met.

Extra point heaters have been installed in some locations to ensure that points remain operational—as hon. Members will know, points are particularly vulnerable to freezing, which can then cause a major problem in either direction for quite some distance—and maintenance has been carried out on existing point heaters to ensure that they remain reliable. The train companies have already undertaken maintenance work on their train fleets to improve reliability during winter operation, including action to minimise problems with frozen sliding doors and frozen couplings. Some fleets on the third-rail network have been equipped to spray de-icing fluid to keep the conductor rail clear of ice and snow. They have also ensured that supplies of salt and de-icing products are available at stations and depots, to keep platforms and other areas clear of snow and ice for the benefit of passenger safety.

The train companies are also being encouraged by us to liaise with local highway authorities to ensure that roads leading to stations and depots are kept clear of snow and ice—the hon. Member for Liverpool, Riverside talked about co-ordination across modes—and staffing arrangements have been reviewed to ensure that staff are available to operate the service. A number of train companies have made arrangements to accommodate staff who are unable to get home.

Several train companies have produced contingency timetables that will be introduced in the event of severe winter weather. They have been validated by Network Rail to ensure that they are capable of being operated robustly. Improvements in timetabling software mean that they can be uploaded to industry journey-planning systems overnight. Steps have been taken—sometimes high-tech, sometimes low—to improve trains and keep them resilient, including, according to my crude understanding, stuffing a sock into the horn to ensure that it does not fail, because if the horn fails, the train cannot go out. Every possibility, therefore, is being covered by the train companies to ensure that trains run.

My experience last year was that the train companies tried hard to ensure that trains ran—for example, Virgin ran trains to get people home, although they had to run slowly. One of the points I make to officials and others in the rail industry is that it would not be right to penalise companies through their performance measures if they were doing the right thing and getting passengers home rather than meeting some abstract performance measure. Southern also performed well by running diesel stock down the Brighton main line, which enabled passengers to get home under diesel traction when the third rail was not available; other companies took similarly helpful measures. The information from one or two companies was clearly inadequate, which caused a great deal of unhappiness among passengers, but I am confident that those companies will be much better prepared to deal with passenger disruption this year.

I hope that I have covered most of the points made today. If I have missed any out, I will pick up on them and write to Members accordingly.

3.50 pm

Mrs Ellman: With the leave of the House, I will conclude the debate. We have had an interesting and helpful discussion. Individual hon. Members have raised key points, and I thank the Minister for his comprehensive

reply, which indicates that the subject is being treated seriously and action is being taken. It is an ongoing issue to which we may well return, but I have been encouraged to hear how the Government are dealing with it.

Bus Services

[Relevant documents: Eighth Report from the Transport Committee, "Bus Services after the Spending Review", HC 750, and the Government Response, Ninth Special Report, HC 1550.]

3.51 pm

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Buses are the most popular form of public transport in this country. There were 4.6 billion bus passenger journeys in England in 2009-10, compared with 1.3 billion rail journeys, yet buses rarely attract high-profile attention. In part that is because central Government do not take as close an interest in buses as they do in rail travel, but I suspect another reason. Outside London, buses are disproportionately used by older and less well-off people who, regrettably, do not attract the same attention as rail travellers. However, buses are vital, connecting people with town centres, jobs, colleges, shopping, family and friends, and when bus services are cut, people's lives are badly affected.

Last year's spending review included three decisions with significant implications for bus services in England; nearly half of bus operating revenue comes from public sources, so any reductions from such sources are highly relevant. First, support for local authorities overall was cut by 28% and funding for local buses was no longer ring-fenced. That affects those services paid for by local authorities for social reasons, or about 20% of services overall, although that figure varies from place to place. The TAS Partnership estimated that that will eventually reduce the subsidies available to bus services by £125 million. By February, local authorities had confirmed an overall reduction of £44 million for 2011-12.

Secondly, changes in the formula for concessionary travel reimbursement have taken about £100 million away from local authorities. Concessionary travel reimbursement is claimed to be provided on a "no better off, no worse off" basis, and the formula changes are intended to iron out teething problems found during the introduction of the scheme under the previous Government.

Thirdly, the Government announced a 20% reduction in the bus service operators grant, a form of fuel duty rebate, to take effect from April 2012. That will affect all bus services, commercial as well as subsidised, and is estimated to remove around £60 million from the industry. I should add that the increased cost of diesel has also put up bus operators' costs and, inevitably, will have put pressure on services.

The total reduction in revenue for the English bus industry, outside London which has rather different arrangements and which we did not consider in our investigation, is likely to be between £200 million and £300 million per annum. By June 2011, 70% of English local authorities had decided to reduce funding for supported bus services, which affected some urban as well as rural services. Some authorities, such as those of Hartlepool and Cambridgeshire announced that they would cut some of their subsidised services altogether.

Our inquiry took place in the first half of this year, and we published our report in August. We wanted to find out what the effect of the spending review changes was likely to be and to consider how it could be ameliorated. We were particularly keen to hear the views of bus users

[Mrs Louise Ellman]

and took specific measures to find out exactly what was happening to them. Working with the excellent parliamentary outreach service, we distributed leaflets about our inquiry in libraries and citizens advice bureaux in areas that we knew to be most affected by cuts in services. We used parliamentary petitions to identify bus service campaigners in particular areas. We also took oral evidence from a panel of bus users, and that evidence brought home to the Committee and to the public the practical implications of cuts in essential services. We received a great deal of correspondence and evidence about the impact of bus cuts on people's lives, from all sources, including letters from disabled people and senior citizens, telling us about their experiences and how cuts in services meant that they could no longer socialise with friends and families. We heard from students who had had to leave their college courses because they could no longer get to college on time and, after we had published our report, I met members of the Liverpool Schools' Parliament who reinforced that point. They spoke about the impact of cuts in local bus services on the accessibility of school and college to them. Time and again, the letters and all the correspondence, petitions and personal representations showed why bus services matter and should not be left to market forces.

Our main conclusion was that the combined impact of the three spending review changes to bus funding posed the greatest financial challenge to the industry for a generation. We were not convinced that the Government had a full understanding of the impact of the funding changes on subsidised and commercial services, and we recommended that they should co-ordinate the collation of information about changes to subsidised services. I am pleased that the Government agreed with that recommendation, and they are now working on it with the Association of Transport Coordinating Officers. Can the Under-Secretary of State for Transport, the hon. Member for Lewes (Norman Baker), tell us when that information will be ready, so that we can monitor how the provision of subsidised bus services is changing throughout the country? Has the Minister been in touch with local authorities about their plans for subsidised services in 2012-13? It is not solely about local authorities, however; how is the commercial sector responding? What information has been received about the likelihood of further cuts? Many hon. Members know from their constituency work that local bus services, commercial as well as subsidised, are being reduced.

The Government have stated that they hope that communities, operators and local authorities can work together to improve local bus services. I certainly agree with that aim, but will it actually happen? The Committee recommended that the Government should identify the barriers to co-ordinating different types of transport services. Does the Minister agree that the Department should do so, and report on what progress has been made?

We looked at the possibility of community transport schemes playing a greater role in delivering local bus services. The Government are considering ways of making such services more commercially viable, but it is unclear how that consideration is progressing. I was disappointed that one option for expanding community transport, by allowing people to use their concessionary fare passes on community transport, was rejected. The Government clearly want to see community transport expand, and the Committee welcomed their new fund in support of that, in particular in rural areas, but they do not seem to be resolving what is a mounting problem. Perhaps the Minister could clarify the Government strategy.

I am also worried that the changes to the bus service operators grant, which are due to be introduced next spring, will hit both subsidised and commercial bus services hard. At the time of our inquiry, the Minister's view was that operators would be able to absorb most of the changes. The bus industry has challenged that view, and I would be interested to hear the Government's assessment of the impact of reducing BSOG to bus services next year.

[Mr Hugh Bayley *in the Chair*]

The Government are reviewing BSOG to see whether it can be delivered in a different way—for example, by paying it to local authorities instead of to bus operators. I would be interested to hear the Government's thinking on that. It is important that the money provided by the Government is earmarked for local bus services. That must be achieved, whatever means are adopted.

One theme that emerged from the public's evidence was that consultation on changes to bus services is often inadequate. There were examples of good practice, but passengers were sometimes not asked about changes, or were consulted on only one option. That is not good enough, especially when considering how important bus services are to their users. The Committee recommended that Passenger Focus should develop a consultation toolkit for local authorities to use when proposing changes to subsidised services, and the Government agreed. What progress has been made? Is the toolkit ready, and will the Department monitor how it is used, and encourage local authorities to follow best practice?

The need for proper consultation does not rest solely with local authorities and the integrated transport authorities. Private bus operators also have responsibilities, and they should encourage customer feedback about services, and consult on changes before they are registered with the traffic commissioners. Hon. Members will know from their constituency work how worried people become about abrupt changes to service provision, including those from commercial operators. We need better notice, better consultation, and more involvement from bus users. If there are financial difficulties—the public are certainly aware that there are financial difficulties in almost every public service—the users of the service often have ideas for how to make best use of available resources. It would be good to see more consultation with local people before decisions are made.

In their response to our report, the Government seemed to be sympathetic to that argument, but said that they wanted to reflect on the Competition Commission's proposals before reaching a view. The commission's role in looking at the future pattern of bus services will be extremely important. It has been examining the competitiveness of the bus market since the beginning of last year. Consequently, we did not examine that issue, or consider in depth how legislation on quality partnerships and contracts has been used. However, we recommended that local authorities and integrated transport authorities should use the provisions in the Local Transport Act 2008 to achieve better partnership working, and I am pleased that the Government agreed.

The Competition Commission's findings are due to be published this month, but there has already been a lot of discussion about whether they will make a significant difference to the transport market, and specifically the bus market. Some of the information published about bus companies' strategies in places such as the north-east does not suggest that competition is working effectively. There seems to be a reluctance to tackle that by using quality contracts, or franchising. I note that Tyne and Wear transport authority is actively considering a quality contract approach. It would be helpful to know whether the Government are taking an interest in that, and examining barriers in authorities that want to agree quality contracts. If there are barriers, they should be addressed, and I hope that the Government are taking an interest in that. The Select Committee will consider the Competition Commission's report when it is published, and I expect that we will return to this issue in the new year.

I want to finish by referring to the concessionary fare scheme, which enables free local transport throughout the country. It was one of the biggest successes of the previous Government's transport policy. I congratulate the Minister on ensuring that it was not a victim of the spending review, which was significant. Passenger Focus found that 39% of older bus pass holders made a greater number of local journeys by bus than before they obtained their passes. That resulted in more social inclusion, and enabled them to be more active than would otherwise have been the case. The importance of transport includes health implications, and one area that health authorities have identified is that it is important for older people to maintain an active life for good health. The concessionary free pass is a major factor in achieving that.

When we examined how the concessionary pass scheme was working, we concluded that to inform development of future policy, data are required on how it is working, who uses it most, and who finds it most beneficial. In their response, the Government did not seem to accept that, and perhaps the Minister will reconsider. The scheme is highly valued, and we think there may be scope for smart ticketing to reduce its cost.

Our inquiry shone a light on how the spending review is affecting a crucial but often under-appreciated and under-reported part of our transport network. We engaged with the public in innovative ways to publicise why buses matter, and to ensure that we have the best possible information from people who are dependent on buses. We are worried about the impact of the cuts that have taken place and those to come. The outcome of the Competition Commission's work, and how the Government respond to it, will be crucial to development of the bus industry—bus services for passengers—over the next few years. The Committee will continue to pay close attention to bus services, and I anticipate questioning the Minister on that in the Committee in the not-too-distant future.

4.7 pm

Paul Maynard (Blackpool North and Cleveleys) (Con): It is a pleasure to serve under your chairmanship, Mr Bayley. The Committee's inquiry has been one of the more enlightening and intriguing it has embarked upon since I joined it after the election. It certainly brought home to me the fact that buses should be part of total services, and that many people depend on them. In a relatively deprived constituency such as mine, where many people cannot afford a motor car or are not well enough or active enough to drive one, buses are essential. Extracting a definition of a socially necessary journey from some of the commercial operators who appeared before us was frustrating. They squirmed but could not provide an answer. They won the award for worst witnesses of the year so far.

The inquiry enabled me to mull over the Government's role in bus services. Is it appropriate to expect a Minister in Whitehall to pull a lever, and to raise the quality of services throughout the country? It is an unavoidable truth that local bus services are best controlled by local councils, or some locally accountable body. Ever since the Committee's first inquiry on economic growth in transport, we have heard talk of new regional bodies that will allow transport decision making closer to the ground. However, we have yet to see anything beyond potential names emerging from the Department, and I would welcome more guidance from the Government on when there might be progress.

The Government's other role is to set a good example. As the hon. Member for Liverpool, Riverside (Mrs Ellman) said, we had some truly lamentable examples of consultation, and calling some of them consultation was a joke. It was a case of "We're removing the service, and if the passengers don't like it, hard luck because we're doing it anyway." That is not consultation; that is "get lost" or "get knotted". Nevertheless, central Government have a role to play.

I was bored one Sunday afternoon, so I started looking at the Government's official response to the report. I sat at my computer trying to open complicated Excel spreadsheets of statistical data. I am sure it is a marvellous resource if someone has a spare lifetime to get to grips with it. I was intrigued to note that a review is being conducted of what data are being collected. I hope that most of them do not disappear as part of some review. I was struck by a few statistics. I wondered why 77% of Scottish buses have ITSO card readers, but only 18% of buses in English non-metropolitan areas have them. I thought that that was an interesting difference.

I also noted that English non-metropolitan areas have now seen the third annual decline in a row in the number of overall passengers. For the first time, concessionary fare journeys dipped in English non-metropolitan areas over the past year. I know that statistics are not everything. I noted that in Blackpool, passenger journeys had dropped from 16 million five years ago to just 14.5 million in the past year. I know why: we have had major civil engineering works and it has been impossible to get anywhere in the town centre. Statistics can be a little misleading at times and do not always paint the whole picture, but they struck me as interesting examples of some of the trends in bus ridership.

I raise those statistics, but I do not want the Minister to think I oppose what he is doing. I think that what the Government are doing is fair and balanced and reflects where we are as an economy and as a nation within the global economy. There is a healthy dose of localism in what the Minister proposes. I also recognise the Minister's own deep, personal commitment to buses and to public transport more generally, and I praise him for it. I echo the comments of the hon. Member for Liverpool, Riverside on the importance of the Competition Commission's

[Paul Maynard]

report, which is continually forthcoming. If I believe what I read in my newspapers, I hope it will criticise what seems to be an utterly dysfunctional market in certain parts of the country.

The Minister will not be surprised to learn that I wish to devote the bulk of my remarks to community transport. Rather than re-rehearse my ten-minute rule Bill, which called for the extension of the concessionary fares scheme to community transport, I want to reflect on some of the Government's responses in the ninth special report. Like the Minister, I share the desire to put community transport on a more sustainable footing, requiring less public subsidy and building on the social enterprise model. In the long-term, that has to be the way ahead.

I welcome the dedicated £10 million fund for community transport. I welcome, too, the efforts of the Department for Environment, Food and Rural Affairs with the rural social enterprise fund. However, we must also acknowledge that community transport is not just a rural phenomenon —it matters greatly in urban areas, too. In some ways, for more vulnerable, marginal groups, it matters more in urban areas.

I certainly take the Minister's point—I assume it is the Minister's, because it sounded as though he had drafted it—in response to recommendation 13 and the creative imagination that local authorities must apply to circumstances in which they withdraw supported services. Where that is occurring, it makes immense sense for community transport to step in and fill a hole for a relatively small amount of money. I agree with the Minister that that is a sensible and useful way forward for community transport. None the less, I am concerned at the complexity of some of the legislation, which represents a barrier to many volunteers, who get terribly confused, as I continue to do, over section 19 and section 22 services—over who to pay and what to do. It is a technical and complex minefield. I recognise that the Vehicle and Operator Services Agency and traffic commissioners put a lot of effort into trying to guide providers through that minefield, but it is still deeply complex.

At the Community Transport Association's conference this morning, I heard the Minister's comments about why he was reluctant to extend concessionary fares to section 19 services. For those who were not there, I will paraphrase his point: it would cause a policy issue to allow those in what is essentially a private members' organisation, club or society—whatever we want to call it—to have access to a wider concessionary fares scheme. I thought about that over lunch. It strikes me that that is coming at it from the wrong way. Many of those people have to join a dial-a-ride scheme because they cannot access mainstream public transport in the first place. This is perhaps part of a dialogue rather than a direct challenge, but I wonder whether the problem lies more with the Transport Act 1985 and the higher threshold it sets for accessing section 19 services, rather than the reason given not to extend concessionary fare schemes to section 19 services.

I am intrigued—I think that is the correct word—by the Government's response to the wider issue of concessionary fares. The Department rightly points out that community transport will usually offer a

"more flexible, personal service",

which could become

"the mode of choice for concessionary pass holders."

I would not deny that a sudden, rapid overnight expansion of community transport would undoubtedly cause problems for commercially provided and supported services, but I struggle to understand why the provision of a high quality, excellent service that responds to people's needs should be seen as a problem. I have never been one to believe in levelling down to the lowest common denominator. That is one reason I find myself on the Conservative Benches. I would like other mainstream providers to be encouraged to raise their game rather than be told, "Don't worry, we are not going to make it too uncomfortable for you. We are going to make sure the community transport lot stay in their box and do not put you to shame." That would not be terribly helpful.

I understand the Minister's point about the possible dangers to supported rural bus services, but we must realise, as the report did, that although more people may have concessionary fare cards, they actually have fewer buses on which to use them. That is my underlying concern.

I am thoroughly pleased that the Government have lived up to the pre-election pledges of both parties to protect the concessionary fares scheme. That is entirely right and proper, but we now have to ensure that vulnerable citizens in my and other Members' constituencies have the services that they need to ensure that they can get to where they need to go. I am not convinced that the mindset of local councils or local commercial providers is such that they understand that vulnerable people need to get to GP surgeries, hospitals and libraries, and that that is where the bus network should go. At the moment, it is a patchwork quilt of constantly changing routes and services that confuses passengers, providers and even Members of Parliament. I ask the Minister to do one thing: hurry up with his consultation toolkit and make sure that passengers are meaningfully involved when local authorities consult on service changes.

4.18 pm

Mr Iain Wright (Hartlepool) (Lab): It is a pleasure to serve under your chairmanship, Mr Bayley. It is always a pleasure to follow the hon. Member for Blackpool North and Cleveleys (Paul Maynard), who, like me, represents a coastal town.

Before I begin my comments, may I pay tribute to Mr Thomas Bunce, who was a resident of Burbank in my constituency? He worked hard to secure adequate bus provision—particularly the 516 service—for the community. Sadly, he died suddenly in September after a journalist had been to see him to discuss bus services. Hartlepool and Burbank are poorer for Mr Bunce's passing. I hope the House will join me in paying tribute to him and extending our gratitude and sympathy to his family. [Hon. Members: "Hear, hear."]

I am grateful for this opportunity to debate an important issue that is important to my constituency, and I thank the Chair of the Transport Committee, my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), and her Committee for raising this topic, and for encouraging members of the public who are affected by cuts to services to contribute to the inquiry. After seven years in the House, I cannot think of another Select

Committee inquiry in which the Chair and members of the Committee actively encouraged members of the public to contribute to its findings. It is a fantastic model that we should use in future in the House.

Hartlepool has one of the worst bus services anywhere in the country—a situation that has worsened as a result of the comprehensive spending review. Due to the worst local government financial settlement for a generation, the local authority has withdrawn all public subsidy to private bus operators. In March, I raised the issue of bus services in Hartlepool on the Floor of the House through a petition of residents, and I encouraged Hartlepool residents to get in touch with the inquiry and express their feelings. Together with the Committee's active encouragement of public participation, it meant that—as usual—Hartlepudlians did not disappoint. The Committee's report features heavily the opinions of Hartlepool residents on the loss of their bus services; pages 12 and 13 contain quotes from nine people, five of whom are my constituents. Their views have had a big impact on the Committee and on the shadow spokesman, my hon. Friend the Member for Barrow and Furness (John Woodcock), with whom I have discussed this issue.

Mrs Olly, 80 years old, stated:

"I appreciate that spending reviews were needed and accept a reduced service but to discontinue the service altogether is appalling."

Mrs Robinson said:

"I am a carer for my 85 year old father who has just undergone an operation for bowel cancer and also has heart problems. I used to get the 516 bus service (this has now been completely withdrawn). It now costs me £11 per day by taxi so am only visiting my father three days a week which is leaving him alone four days in each week."

Miss Raw declared:

"The bus service from Elwick to Hartlepool has been withdrawn leaving the village completely cut off from Hartlepool. I do not drive and therefore am finding it very difficult to shop for essentials, visit doctors, dentists, opticians, banks, hospital visits etc. Also I no longer visit friends, go to the theatre, or cinema, especially in the evening. In fact we are completely isolated."

Finally, Mrs Power stated:

"Since the removal of the bus service my daughter now has no way of getting to and from college. Is she surely not entitled to the education she deserves? My daughter works very hard and gets excellent grades and I feel appalled that her future education is being jeopardised in this way!"

On publication of the report, my hon. Friend the Member for Liverpool, Riverside kindly gave an interview to my local paper, the *Hartlepool Mail*:

"We received a lot of information from people in Hartlepool which demonstrated the problems caused by the withdrawal of local bus services...The information was very dramatic, which showed the impact it had... Hopefully this will make the Government think again about planned cuts... I would like to thank the people of Hartlepool who gave us the information."

I echo that thanks.

As I said, Hartlepool has a poor bus service. That results from a number of factors, not least, as the hon. Member for Blackpool North and Cleveleys pointed out, that in many areas—and in my area in particular—the market for bus services does not operate effectively. Passengers do not have the choice that a market should provide, and they are forced to endure poor and inadequate provision from a monopolistic provider—Stagecoach. That company's disdain for passengers was demonstrated a few weeks ago when, with Councillor Allan Barclay, I met about 40 residents from Ryehill Gardens. They are mostly elderly, cannot afford taxis and are effectively isolated as a result of changes to and withdrawals of bus provision. They do not want an extra bus service; they want the number 3 service to be diverted—perhaps just once or twice a day—so that it goes into town and comes back via Ryehill Gardens, allowing them to travel to and from town, get groceries, attend appointments or meet friends. On average, that diversion would add about seven minutes twice a day to the existing bus service. Stagecoach rejected that suggestion and—perhaps even worse—it did not give residents the courtesy of a meeting to explain its decision. Members will agree that that is not good enough, and it demonstrates all too vividly the contempt—that is not too strong a word—shown by Stagecoach, and why people in England need a complete change in the provision and regulation of bus services.

The Committee reported on bus services after the comprehensive spending review, but in the week of the autumn statement perhaps we should bring it forward and talk about future financial arrangements. The report stated:

"The combination of the reduction in local authorities' revenue expenditure and changes to the Department for Transport's concessionary fares reimbursement guidance in 2011-12, with the 20% reduction in Bus Service Operators' Grant (BSOG) due to be implemented in 2012-13, has created the greatest financial challenge for the English bus industry for a generation. The combined impact of these funding changes will, in some parts of the country—"

Hartlepool, for example—

"have a disproportionately adverse impact on the provision of local bus services and the level of bus fares."

That is one of the report's central paragraphs.

As my hon. Friend the Member for Liverpool, Riverside said, local government was hit hard in the CSR. Revenue expenditure will be cut by 28% over four years, with central Government assistance going from about £38.5 billion in 2010-11 to £22.9 billion in 2014-15. As a result of this week's autumn statement, however, it will get a lot worse. This week, the Chancellor confirmed that his deficit reduction targets will not be met in this Parliament, and that he will have to extend them over a further two years. That will mean more pain over a longer period, and it will be concentrated not on capital expenditure but current spending. The autumn statement confirmed that current spending will be cut by an additional £910 million in 2012-13, £1.175 billion in 2013-14, and £1.735 billion in 2014-15. After this Parliament, the figures become unsustainable and economically dangerous—£8 billion and £15 billion in 2015-16 and 2016-17 respectively.

Local government and transport will bear the brunt of many of those changes, and I predict that the cut to BSOG in 2012-13 will be much worse than the 20% predicted. Will the Minister indicate how he intends to combat what the Chancellor laid out in the autumn statement, and say how he expects England to have a functioning bus transport service, given the astonishing budget cuts currently planned that are only going to get worse?

As the Committee pointed out, bus passengers are facing their biggest challenge since the second world war. On behalf of my constituents, I thank the Committee for its work in highlighting the issue and putting pressure on the Government. As the hon. Member for Blackpool North and Cleveleys said, the current model in which

[Mr Iain Wright]

monopolistic bus providers are able to cherry-pick services and make excessive profits cannot be sustained, especially at the expense of important social routes, and cuts to Government budgets tip that model over the edge. Communities such as mine would welcome and encourage a co-ordinated and sufficiently funded public transport service, but that can happen only if a strong Transport Minister backs this important issue in Whitehall against the Chancellor, and takes steps to remove power from monopolistic providers, thereby re-regulating bus provision in England.

4.28 pm

Iain Stewart (Milton Keynes South) (Con): It is always a pleasure to serve under your chairmanship, Mr Bayley, and I add my thanks and congratulations to the Chair of the Transport Committee, the hon. Member for Liverpool, Riverside (Mrs Ellman). She comprehensively set out the evidence taken by the Committee and the conclusions that it reached, and I was proud to be part of that investigation.

I wish to pick up on one or two points in the report, add some experiences from my local area and give one or two international examples that I have researched. I was struck by the variation in the ways that local authorities around the country responded to the admittedly challenging economic circumstances in which we now operate. Some authorities have taken a hatchet to bus services. The hon. Member for Hartlepool (Mr Wright) gave evidence of that from his area. Other authorities have responded innovatively and positively and worked hard to protect local bus services.

I shall give an example from my own local authority in Milton Keynes. It predates the comprehensive spending review. Just after I was elected, in May 2010, the local bus operator, Arriva, completely reorganised its network and timetables. It said that it had had a consultation on that. As my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard) said, it was anything but a consultation. Indeed, some people turned up on the first Monday of the new system, expecting their usual bus to turn up, but it was not there. In the first chaotic few weeks of being a new Member of the House, my mailbag and e-mail inbox were flooded with complaints from patients who could not get to their GP surgery, from students who had missed exams and from shoppers who could not get to their local shops. There were all sorts of problems. That was one of the first big local issues that I had to deal with. I was lucky enough to be able to secure an Adjournment debate in the Chamber in the first few weeks after the election. The Minister may recall responding to it.

I am happy to report that many of the problems have now been remedied. The situation is not perfect, but through work with the local council, with Arriva and with the new bus users group that was set up, many of the problems have been solved. I raise that as an example because consultation is vital. Bus services need to be responsive to the needs of the local area, and those needs may change as time goes on. It is important to talk to the users—the bus passengers—but also to the local service providers, such as the GP surgeries, local colleges and schools and retailers, so that a local bus service is provided that people want to use and that generates additional traffic.

Another issue in relation to which good local consultation is vital is concessionary fares. We have talked about the concession card. I am glad that that has been preserved, but of course it applies only to off-peak services, and one problem identified to me locally is that pensioners want to use buses in the peak time. Some still wish to work; we are all being encouraged to work for longer and longer. They also have to get to some services before the 9.30 am cut-off. The shadow Minister, the hon. Member for Barrow and Furness (John Woodcock), indicates from a sedentary position a financial issue. I am happy to report that in Milton Keynes we have come to a deal. This relates to the point about consultation. The local authority and Arriva have worked together to provide not free bus travel for pensioners before 9.30, but a concessionary fare of 50p a journey. During consultation, people who would be using the buses said that they would be happy to pay a fare at that level. That was found out through a very effective form of local consultation.

As other hon. Members have said, it is important to share that good practice throughout the country, because some local authorities clearly have not taken that approach. The evidence from my area is that the local authority has done that. I strongly urge the Minister to take up the recommendations that the Select Committee made about a consultation toolkit and a mechanism for disseminating good practice throughout the country. I have a fairly open mind about what the best forum for that is. It may be the Department itself, the Local Government Association or another forum. Clearly, there are examples of good and bad practice, and we need to ensure that the good practice is rolled out as far as possible.

I want to touch on not just current bus services, but the planning for future bus services. Milton Keynes is a fast-growing area, so what applies to us may not be relevant in other areas, but with house building forecast to grow quite significantly in future years, I think that such planning will be an important issue in many areas. I am talking about planning properly for new bus services. I want to highlight the Oxley Park area of my constituency. That is a new-build housing estate on the western edge of Milton Keynes. The good part was that there was a plan for a new bus route going through it, with stops all the way along so that people could easily get to the centre of Milton Keynes and to other key destinations in the authority area. That was all well and good, and it was financed by some section 106 money and through other agreements with the house builders to put in that facility.

The problem has arisen because the design of the estate had to meet density targets. The houses are crammed in; the main road through the estate is quite narrow; and there is not sufficient car parking space. That means that the bus drivers have to go through a chicane of parked cars. Sometimes they cannot get through at all. There are issues of road safety: there are many young families in the area, and kids naturally want to play outside. There is also a noise problem because the houses have been built right up to the pavement. The buses, with diesel engines, make a noise, and the service runs until quite late, so I have had many complaints from residents saying that they cannot get to sleep because of it. That is providing a disincentive to bus use—people are campaigning for the bus route to be removed.

However, with proper planning—I welcome the provisions of the Localism Act 2011 on better community involvement in designing new housing areas—we should be able to plan new housing areas with bus routes in a way that does not cause problems and in such a way that people want to use them. I hope that the Minister will liaise with his colleagues in the Department for Communities and Local Government and take that suggestion forward.

I have one other point about local consultation, and it relates to finding innovative new ways of delivering services. Milton Keynes is largely an urban area—85% of the population of the local authority area lives in the urban centre of it—but it covers quite a wide rural hinterland as well. There are quite a number of small villages on the outskirts with very small populations. Most of those people drive, but there are a few people for whom a bus service is a lifeline, although it is not commercially viable to provide a regular bus service that one person uses every other day. As far as I am aware, the council has not come to any conclusions, but it is exploring innovative new ways of not having a bus service but helping people to use a local taxi service at no additional cost over what the bus fare would be. I am talking about a more responsive service, which they will want to use, as opposed to a static timetable that may be inconvenient for them. Again, that is where local innovation can come to the fore. There will be plenty of other examples across the country, and those good ideas can be shared.

I want to move on to a more general point about strategic planning in relation to buses. Buses have always been the poor cousin of the transport system. Having to use a bus is almost looked down on, but that need not be the position. I shall give an international example. In the summer recess, I was invited to go to Switzerland by Swiss Federal Railways. That was primarily to look at its railway system, but as part of the visit, we looked at its transport system and planning as a whole. On one of the days, we went to visit the small city of Zug, just south of Zürich. It has put in a new commuter railway line from the city centre to the outskirts. We travelled on that and got to the suburban station. We then watched what happened. A train arrived from the centre of town. Everyone got off and went to the adjacent bus station, where six buses were waiting. Five minutes later, they all dispersed to the housing areas around the station. Fifteen minutes later, they all came back in, and the passengers had five minutes to cross to the railway platform. The next train then went back into the centre of Zurich. The system was integrated, with some public and some private operators, who worked together to provide a reliable and regular service.

Another thing that struck me from that example was the sheer range of passengers using the system. There was everyone, from smartly suited business men to students and shoppers. Everyone was using it—it was a good cross-section of the local community. The system was so well regarded that people wanted to use it. No one was thinking of driving into the centre of town, because they knew that they had a reliable system. We in this country have been poor at that. I am not going to make a party political point—I think Governments of all colours have failed to grasp the option of having a much more integrated across-the-zones transport system. I hope we can have more of that.

I will again cite a local example—the welcome announcement in the autumn statement that the east-west railway line will be built from Bedford, through Milton Keynes, to Oxford and further south-west. I campaigned for that in this Chamber two weeks ago—I had secured a Westminster Hall debate to call for it—and I am delighted that it has been delivered within two weeks. I might have to be careful in what I wish for.

In developing that line, which has a strong case in increasing rail use and encouraging people off the roads and on to rail, how much better would it be if, as part of the planning, the services were integrated with the bus systems in Milton Keynes, Oxford and other places along the route? People who live elsewhere in Milton Keynes who want to travel to Oxford will therefore be able to decide that they can get bus x to Bletchley station and then straight on to a train, rather than say, "I am not sure when I will get there if I get a taxi to Bletchley. I will be better off using the car." With proper planning, the new transport infrastructure projects can be even more successful than they will be.

Such optimism needs to be part of the bus industry. I was slightly perturbed, when we were taking evidence from some bus operators, that they were not seeing the opportunities in the current climate. I cannot predict what fuel prices will be like in the future—I am not a betting man, but if I were, I would suspect that they will remain high for some time. That surely is an incentive and opportunity for bus companies to say to people, "You do not have pay £1.35 for a litre all the time. You would be much better off getting a bus to your destination." If bus companies think innovatively and work with local authorities and others to provide new services, there is an opportunity to grow the market.

I am optimistic about the future of bus transport in this country, but we must seize the opportunity. The economic circumstances are challenging—I am not going to get into a debate about how we got here and what the future will be. We have to accept the reality that economic circumstances will be challenging. However, there are opportunities to grow the system and the usage of buses. The Select Committee's recommendations are helpful in nudging that forward, and there are good international examples that we can follow. I hope that our contribution in the report will help persuade the Minister to take those arguments forward.

4.43 pm

Julie Hilling (Bolton West) (Lab): I apologise for having been somewhat remiss at the start of my speech in the first debate, first, in not congratulating my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman) on securing the debate and on her work and leadership as Chair of the Select Committee on Transport, and secondly, in not saying that it is a pleasure to serve under your chairmanship, Mr Bayley. I hope that I have put things right and that I will be forgiven.

Bus services are a classic example of the private sector making profit but the taxpayer picking up the tab when things go a bit wrong, particularly when a route is not profitable. Although it is not profitable to enter into a debate here on whether buses should have been deregulated, there is a debate to be had, as my hon. Friend the Member for Hartlepool (Mr Wright) said, on how bus services can best meet the needs of our communities in the future.

[Julie Hilling]

There is a huge difference between buses inside and outside London. Buses outside London are predominantly used by the less affluent and are a lifeline for many in our communities. As the hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard) said, perhaps because of poverty, disability or age, many cannot drive. We all start too young to be able to drive, and I hope that we all end up too old to be able to drive. Our bus services can be woefully inadequate, particularly if someone wants to go between communities rather than to the centre.

There is a reasonably good service in my constituency if people want to go into Bolton, but please do not try to go between Blackrod and Horwich, or between Westhoughton and Smithills. Someone living in the student area of Manchester has a bus going into the centre of Manchester every minute, right around the clock, but someone living in Hag Fold in my constituency cannot get off the estate on a Sunday morning, and people dare not stay out too late at night, because the buses stop running at a ridiculously early hour.

Perhaps we should ask why everyone sees the bus as a good form of transport in London but not elsewhere. In London, buses are still regulated. Private companies are contracted to run the services, but control is in the hands of Transport for London. The previous Government introduced quality contracts, under which local authorities and integrated transport authorities can commission a bundle of services rather than have bus providers just bid for various routes. Currently, a provider can decide that a route is not commercially viable and leave a local authority the choice of either paying for the service or leaving passengers stranded with no bus service. The consequences of that are enormous—kids not being able to get to school, young people having to give up college because they cannot get there, and people giving up part-time or full-time work because they cannot get to their place of work. My hon. Friend the Member for Hartlepool described the isolation of people who are stuck in their communities and have no way to leave to visit the doctor or friends—they are trapped. It does not seem right that a provider can say, "This route is not profitable," and ask the local authority to pick up the tab.

Quality contracts mean that profitable and non-profitable routes can be bundled together as a package, with the expectation that a provider will provide services on all those routes until the end of a contract. That seems much fairer. Rather than have the taxpayer pick up the pieces, there can be a balanced approach between the taxpayer and the operator. Unfortunately, operators do not seem keen on quality contracts. What will the Government do to assist local government to get bus services that are fairer to the taxpayer?

I have several concerns about the general cuts to bus services. As we have said, for many people there is no alternative to the bus. Buses are a fundamental part of integrated transport. We do not want people to drive to a station to catch a train; we want them to be able to use buses on part of their journey. Most of us do not live next door to a railway station, and we have to find some way to get there. Buses have to be a fundamental part of the transport system, not just the bit that poor people use. We need to look at greater integration, but services are diminishing as we speak. As the hon. Member for Milton Keynes South (Iain Stewart) was saying, the integration of our services is not improving. I am also deeply concerned about rising prices. The cost of bus journeys outside London can be extremely high. What are the Government going to do to improve the affordability of bus fares? Are they monitoring the effects of cuts to concessionary fares and school transport?

I will finish by saying that, as with so many of the cuts that are happening at the moment, the cuts to public transport are having a disproportionate impact on less affluent and vulnerable people. I hope that the Minister can give us some reassurance that he will take action on the concerns that we have raised.

4.50 pm

John Woodcock (Barrow and Furness) (Lab/Co-op): Thank you for calling me to speak, Mr Bayley. It is good to be serving under your chairmanship for the first time.

I congratulate the Transport Committee on securing this hugely important debate and on its excellent report, which shows just how much damage is being done to bus services up and down the country. The Committee's words have been quoted already, but they are very important. According to the Committee, the current situation is

"the greatest financial challenge for the English bus industry for a generation"

and

"some of the most vulnerable people in society, including the elderly, will be most affected by these changes."

It is not hard to see why the Committee had to use such strong language. Its Chair, my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), set out the key decisions by this Government that have led to half a billion pounds being cut from local transport funding in this year alone. First, the 28% cut in direct funding to councils has removed £95 million from local transport. Secondly, £223 million has been taken from funding for the concessionary fares scheme for pensioners, which threatens services that are viable only because of that subsidy; as a result, many pensioners are finding time restrictions placed on their bus pass. Thirdly, a further £254 million will be taken out of support for buses next January, when support for bus fuel costs is reduced by a fifth.

Unfortunately, in their formal response to the Committee's warnings about the damage being done to bus services, Ministers have displayed just how out of touch they are about the impact of the cuts to local transport and buses, which are being made too far and too fast. In their response to the Committee's report—and, let us remember, after half a billion pounds has been cut from bus services funding in this year alone—the Government claimed that the bus industry was

"able to absorb this reduction without raising fares or cutting services",

even though the Committee report is clear that, as my hon. Friend the Member for Hartlepool (Mr Wright) flagged up, the cuts will lead to

"a disproportionately adverse impact on the provision of local bus services and the level of bus fares".

The scale of service reduction and fare rises was reinforced by a report from the Passenger Transport Executive Group on the impact of the spending review

on bus services, which found that by 2014 bus use will fall by a fifth and fares will rise by 24% in real terms. In addition, the Campaign for Better Transport has found that the cuts have already led to huge reductions in services across the country, with one in five supported services being reduced and three quarters of local transport authorities planning to cut back on their bus services.

Behind those figures lies the real damage that is being done by cutting our bus services so heavily. The cuts are hurting young people, who are already struggling as a result of this Government's decisions to cut the education maintenance allowance, treble tuition fees and end the future jobs fund. A million young people are out of work, and trying to get to places of education or to start working is made even harder for them when their local bus service is taken away. The cuts are also hurting older people, who find themselves isolated and cut off from family and friends because the bus service on which they rely has been taken away. During the general election, all political parties promised to protect free bus passes, but many older people are now asking what is the point of their free bus pass if there is no bus for them to travel on.

Perhaps the most striking part of the Select Committee's excellent report is the evidence gathered from bus users around the country about the impact of the Government's cuts on their quality of life. My hon. Friend the Member for Hartlepool rightly raised the plight of people in his constituency. I will add the case of Mr Turpin, a 65-year-old in Somerset who had a quadruple heart bypass but who now has to cycle every week up a steep and busy A road because his bus service has been withdrawn. These are not statistics that we are discussing; they are real people who are suffering real hardship as a result of this Government's decisions. Unfortunately, their stories are being repeated in towns and villages up and down England. In my constituency, the No. 60 bus in Ulverston is the latest service to come under threat, after just seven months of running unsubsidised. The hon. Member for Blackpool North and Cleveleys (Paul Maynard) made a good point about the paucity of the so-called consultation processes carried out by the private sector.

. Bus services are being cut, communities are being left isolated and where buses remain the fares are soaring well above inflation. If the Minister wants to avoid being labelled the modern-day Beeching of the buses, he must tell us what he proposes to do about the damage that is being done to bus services. Can he say when the consultation toolkit being created by Passenger Focus for local authorities will be completed and rolled out? Has he started work with the Local Government Association to help community transport associations?

Finally, will the Minister accept the recommendation made by the Transport Committee and by my own party's transport policy review that local communities and the transport authorities that represent them should be given a greater say in how their bus services are funded and provided? My party's policy review is clear about that. It is not good enough for Ministers simply to devolve the blame for their cuts to local transport funding without giving local transport authorities the power to manage their own transport services. The answer is not simply to enhance the voice that communities have, important though that may be; it is to put them directly in charge of the local decision making on transport. That is what we are calling for the Government to do.

4.57 pm

The Parliamentary Under-Secretary of State for Transport (Norman Baker): Thank you, Mr Bayley, for calling me to speak. As always, I will do my best to respond to the various points that have been made.

Let me begin by congratulating and thanking the hon. Member for Liverpool, Riverside (Mrs Ellman), the Chairman of the Transport Committee, both for her Committee's report into this very important subject and the measured way in which she presented the report's findings. Buses are the predominant form of public transport and they are used disproportionately highly by those on lower incomes, so it is quite right that the Committee should look at them seriously, as it has, and come forward with its thoughts and recommendations.

As we set out in our response to the Committee's report, "Bus Services after the Spending Review", the Government place a great deal of value on local bus services. We recognise the important role they play in people's lives and in the wider economy. We have put significant funds into ensuring that services can continue to operate across the country, whether that is by retaining the bus service operators' grant in full for this financial year, or by reiterating and maintaining our commitment to the concessionary travel entitlement for older and disabled people. In addition, the local sustainable transport fund was established, providing more funds for sustainable transport over a four-year period than the previous Government provided. In tranche 1, £155 million was handed out and 35 of the 39 successful bids included bus-related elements.

However, we recognise that more needs to be done, which is why I announced at the UK bus awards on Tuesday a further £25 million of capital funding for buses. The previous two tranches of the green bus fund have been a success story, paying for more than 500 new low-carbon buses. The Government are now committing another £20 million for the third tranche of the green bus fund, to ensure that carbon emissions from buses continue to fall. I am sure that the industry will confirm, as it has to me, that when people are presented with new clean buses they find them more attractive, which means there are more people who want to use them. I announced earlier this week that, with the Mayor of London, we are committing £10 million to reducing emissions from London's buses and improving air quality in the capital. We continue to support bus manufacturers and operators, to promote jobs across the UK in companies that can supply clean vehicle technology. I was pleased to be able recently to open the new Optare factory, which is a vote of confidence by British bus manufacturers in the future of bus use in this country.

The issue of community transport was raised by the Chairman of the Select Committee and by my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard), and I shall deal in particular with the point about where it fits in the system. As the hon. Lady will have heard this morning, community transport has a viable role in a number of ways. It helps to provide door-to-door transport for people who would otherwise not have any transport at all, and it helps with moving groups around in a way that commercial services would not be able to deal with—for example, children or young adults who want to go from A to B when there is no bus running, or old people who want to get to the cinema for a day out. It also provides bus services where

[Norman Baker]

there is no case for a commercial service, and probably no case for a supported service either. The community transport sector is very important and I want it to prosper and grow, which is one of the reasons why in March I announced £10 million to kick-start growth in the sector. The evidence is that local councils have welcomed the funding and are using it, by and large, productively. I accept that there is more to be done, and I hope to be able to say something even more positive in the next few days.

My hon. Friend the Member for Blackpool North and Cleveleys has put an interesting case, promoting his view of life with section 19 and the concessionary fare arrangements, and the report's recommendations show that the Committee shares that view. There are three issues about section 19 and about why it would not be right at this point to extend the concessionary fare arrangements. One issue is simply cost. We have protected in its entirety the entitlement element of the concessionary fare arrangements. We have not gone back at all from the previous Government's legislation. To extend the arrangements further would incur extra cost, at a time of financial difficulties for local government and the Government nationally.

Secondly, I know that my hon. Friend wants to approach the matter from the other end, but there is a point of principle about whether a concessionary fares system should be provided for services that are essentially available only to members of a group, and I am not sure that it should.

The third issue is that there is a consequence for existing bus services, particularly supported ones in rural areas, which are probably among those nearest the mark on viability, even when supported by local councils. If we were to see a significant number of people changing to community transport because of the incentive provided, existing bus services could be fatally undermined and the situation made worse. I am hesitant, therefore, to extend the arrangements as my hon. Friend has suggested, but he has made some fair points to forward his case.

The Committee has asked that we monitor the impacts of any changes made by local authorities or operators. We will do that, in conjunction with our partners in industry and with local government. The Campaign for Better Transport has recently collated figures on reductions in budgets and services, which has been useful. We recognise the importance of monitoring trends over time, and that is why we publish annual bus statistics and run a national travel survey, which will continue. But this has to be done properly. Robust data take time to collate, corroborate, clean up and publish. We continue to receive information, which we use as it comes in, but we want an accurate picture once a year.

The Department for Transport recently published the 2010-11 annual bus statistics, which show that compared with the previous year the number of bus passenger journeys in England rose slightly, bus vehicle mileage increased by a similar amount, and bus fares remained the same in real terms. That is a slightly different picture from the one presented to us this afternoon. Figures for 2011-12 will be available next year, but in the meantime there is no doubt that in some areas of the country a combination of the difficult macro-economic climate, local authority bus cuts, and operator decisions is making life more difficult for people who need to travel by bus. I do not want to shy away from that, but the national picture is more mixed. As my hon. Friend the Member for Milton Keynes South (Iain Stewart) mentioned, in many places local councils are taking positive steps to ensure that better services are provided more cost-effectively and more efficiently, and I would like to give some examples of that.

The first comes from Dorset, which I have mentioned in previous debates. Dorset is one of England's most rural counties, so commercial services are limited to the main towns, and for non-commercial services contract prices have been rising. A further problem the council faced was that there were more than 700 different contracts for passenger transport services with, including taxi firms, about 300 operators. The contracts covered the full range of council services, from adult social care to school transport. By combining budgets and staff in a single integrated transport unit, and by working in partnership with local operators, the county council has managed to make significant savings while introducing new, longer-term contracts that offer stability for operators, and secure patronage and revenue information for the council. There were some teething problems, and people who pay attention to such matters will have seen mention of them in the local transport press, but the council has saved large amounts of money and managed significantly to minimise cuts. There are lessons to be learned from Dorset. The council has made annual savings of up to £1 million on contracts for school and tendered bus services, and it has opened up the local bus market to new operators, which has the potential to kick-start competition for commercial services.

The second example comes from Bedford. Despite financial constraints, Bedford borough council has been able to improve bus service provision in rural areas. This has included new and restored routes, increased frequencies and free travel for under-16s at weekends and during school holidays. This was made possible simply by negotiating closely with local bus operators and consulting extensively with local communities, the sort of measures that my hon. Friend the Member for Milton Keynes South advocated in his contribution. In both these examples, new approaches to procuring bus service contracts have resulted in new entrants into local bus markets, which the Competition Commission identified in its provisional findings as vital to making the markets more competitive and providing a better deal for passengers and local taxpayers.

A third example comes from the Isle of Wight. In September, Isle of Wight council and the local bus operator, Southern Vectis, developed an innovative community transport scheme. Local groups provide volunteer drivers to operate rural routes that feed into the main bus network on the island. The drivers are fully trained by the operator, which also provides the vehicles and fulfils the regulatory and maintenance requirements. This partnership has brought community transport and the resources of a private sector bus company together for the first time. It is a very interesting model. I am greatly encouraged that councils, operators and residents can come together when budgets are tight to develop a rural bus network that suits their local needs. It is exactly the sort of scheme that the community transport fund I announced in March is designed to encourage.

Paul Maynard: Will the Minister confirm that it is interesting to note that the National Union of Rail, Maritime and Transport Workers was fully behind the scheme in the Isle of Wight?

Norman Baker: It is important to note that. That is a very relevant point and it leads me on, perhaps, to the points made by the hon. Member for Hartlepool (Mr Wright). I am sorry that, unlike the Chairman of the Committee, who presented matters fairly and equitably, albeit in a challenging way, he sought to present matters as something of a party political rant. He was keen to say that this was the Government's fault, but the Government have not cut bus services in Hartlepool—his local council has. Councils up and down the country have not been cutting bus services, and if all the services in Hartlepool have disappeared he needs to take the matter up with his local operator and council.

The picture varies enormously across the country. I am not pretending that it is easy for local councils; it is perfectly true that there are challenges as a consequence of the local government settlement. Cuts have been made across the country in local bus services, particularly in supported ones. The Opposition spokesman, the hon. Member for Barrow and Furness (John Woodcock) said, I think, that the Campaign for Better Transport had found that three quarters of local authorities were cutting back on buses. That is unwelcome, but the fact remains that a quarter are not cutting back at all. Perhaps we should look at them for lessons on how they have managed to maintain their bus services rather than cutting everything in sight, which appears to have happened in Hartlepool.

Julie Hilling: Perhaps one of the things that should be considered is the level of cuts made to those local authorities. We know that the same cuts have not been made everywhere, and that some local authorities, particularly those in the north-west, north-east and other areas, have had far greater cuts than some authorities in the south, which have had much less stringent budgetary cuts.

Norman Baker: The hon. Lady will appreciate that I am not responsible for how the Department for Communities and Local Government has distributed its money, and I cannot comment on that in detail. What I would say, having looked at bus patterns across the country, is that it is not the case that southern counties have maintained their bus services while northern ones have not. The picture is much more mixed. The east riding of Yorkshire, for example, has done well on maintaining bus services. A north-south split is not reflected in the way she suggests.

John Woodcock: What the Minister has said is potentially important and will be listened to by councils throughout the country. Is he actually saying that if any council cuts bus services, it is the council's fault and not a result of the drastic reductions in local funding imposed on councils by the Government?

Norman Baker: What I am saying—I hope that I have said it fairly—is that it is a challenging position for local authorities. They have received reductions in funding, which has meant difficult decisions for them, and I can understand why some of them have looked to their bus services. However, within the framework in which they operate, some have managed to protect their services, and, as in the case of Bedford, even enhance them. Others have made limited cuts. Others have taken an axe to services. Those who live in Hartlepool and elsewhere need to ask their councils why they have taken an axe to services when other councils have not.

Mr Wright: If the Minister will let me continue with my rant, that Pontius Pilate approach to decision making will not wash if he wants to be a champion of local bus services. Will he comment on the second part of my remarks, which concerned future financial arrangements and possible cuts to bus services as a result of the announcements in the autumn statement?

Norman Baker: I will. I always try to respond to all points made by hon. Members, as those who have heard me respond to debates will know. I will deal with those points, but first I will deal with the points that the hon. Gentleman made during his speech. He said—I think that I am quoting him accurately—that we need a complete change in how buses are regulated. I point out that at the moment, the regulation of buses is a consequence not just of deregulation in 1996 but of 13 years of his Government between 1997 and 2010. The record will show that when the Local Transport Bill was before the Commons and I was on the Committee considering it, I wanted to go much further in the direction that he is now advocating than did the party of which he is a member in 2008.

Mr Wright: Will the Minister give way on that point?

Norman Baker: I will, but I need to make progress.

Mr Wright: The Minister has had 18 months in office. He has just set out his approach. When will he enact it?

Norman Baker: I will not give way again, as I am trying to answer the hon. Gentleman's points, and he is anticipating me all the time. The fact is that we now have a regulatory framework that his Government put in place in the Local Transport Act, and the record will show that it would have gone more in the direction that the hon. Member for Barrow and Furness wanted if his Government had accepted the amendments that I tabled at the time.

Our position has been set out clearly. The Government await the results of the Competition Commission's inquiry. It would be premature to make judgments about the landscape of the bus market until it has reported. We will read the Competition Commission report carefully, consider the arrangements for the bus service operators grant at the same time and in parallel and make it clear where we are going as soon as we have had a chance to digest the final report. That is the responsible course of action, given where the Competition Commission is at present.

Julie Hilling: Will the Minister give way?

Norman Baker: Yes, but for the last time, as I need to make some progress.

Julie Hilling: I thank the Minister for giving way; he is being generous with his time. My question is simple: have we any idea when the commission is likely to report?

Norman Baker: Yes. We will have clarity from the commission, and clarity from the Government on BSOG, in the early part of next year. We will then be able to answer questions in more detail based on what the commission has said.

I think that it is unfair to paint the autumn statement in the negative way the hon. Member for Hartlepool did. He said that things would get worse. I do not want to have a debate about the finances, as this is not the place to do it, but I will give one statistic. The day after the general election, our interest rates were higher than Italy's. They are now lower than Germany's, which suggests that the Government are handling the economic position rather better than he gives us credit for.

In addition to the money for green buses announced this week and for retrofitting existing buses, the Chancellor gave transport authorities another £50 million this week in his statement. I hardly think that this has been a bad week for transport, or for local authorities as far as transport is concerned. It seems to be a good week in terms of what has been handed out.

I mentioned that the Competition Commission's report would be published shortly. The Department has submitted its formal written response to the provisional remedies, which is available to view on the Competition Commission's website. In the response, I broadly welcomed the provisional remedies. I believe that they have potential to improve multi-operator bus ticketing in particular, and I welcome the commission's focus on that issue in its recent inquiry into the bus market. There is no question but that better integrated ticketing can help by enabling passengers to make more seamless journeys. Smart ticketing can also play an important role. That is why I have committed to delivering, with operators and public sector bodies, the infrastructure to enable most public transport journeys to be undertaken using smart ticketing by December 2014, to answer the point raised by my hon. Friend the Member for Blackpool North and Cleveleys.

I mentioned the Local Transport Act 2008. There has been some concern that the provisional remedies have been ambiguous in terms of the tools in the Act that can enable authorities to increase the quality of services, so let me be clear. Statutory quality partnership schemes, quality contract schemes and voluntary and qualifying agreements remain useful tools for local transport authorities to deliver their public transport policies. That is the present position. The Government have taken no action to undermine quality partnerships or quality contracts. We will consider where we are after the Competition Commission has reported. In the meantime, it is perfectly open to local authorities to use the terms of the 2008 Act. It is available on the statute book for them to use if they decide that that is what they want to do.

The hon. Member for Bolton West (Julie Hilling) discussed the general price of bus fares. She is absolutely right to express concerns about that. Over the past 30 years, the trend has been that the average cost of travelling by bus has increased more than the average cost of travelling by train or car. We recognise that buses are used disproportionately by poorer people. I want to ensure that we consider that issue in our response to the Competition Commission's inquiry into the bus market. It is not for us in Government to start telling people how much they should charge for buses in Kettering or anywhere else, but we must ensure that the system and the market work properly, which is what we are trying to achieve as part of our consideration of the Competition Commission responses.

I was interested in the point made by my hon. Friend the Member for Milton Keynes South about the deal reached between the council and Arriva to provide a 50p rate before 9.30. It is an exceedingly interesting idea that a bus company and a council can come together to create a new, innovative arrangement that meets the needs of local people and, presumably, the bus company as well. We need more arrangements such as that, and I hope that we will see what we can do to encourage such innovation across the country.

Iain Stewart: I would like to place it on record that a key body instrumental in brokering that deal was the Milton Keynes Pensioners Association. It required good work on all sides, but the association had an instrumental role in helping that deal be struck.

Norman Baker: I am grateful to my hon. Friend for rightly putting that point on record.

Several Members raised the importance of consultation. I welcome the Transport Committee's emphasis on it, and it is right that Members have mentioned it here. It is also right that councils and operators considering changing services consult properly. It is clear from the evidence that the Committee and I have seen that there are some good examples and some pretty ropey ones. The message that I want to give to bus companies and local councils is that they must consult properly and take into account the consequences of any changes that they propose. Actually, if they consult properly, they often get some good and constructive responses and end up with a solution that is better than the one proposed, not just for customers but for the company.

The Chair of the Transport Committee asked when I expect we will know what the Association of Transport Coordinating Officers is doing with its assessment. I mentioned the annual statistics, but the ATCO assessment is happening now, and we expect the results early in the new year. There is no reason why the Department should not share that with the Committee as and when it comes to us, so I will ask my officials to ensure that we are in touch with the Chairman then.

The toolkit has been mentioned by a number of Members. Passenger Focus is gathering evidence from local authorities and bus operators to find examples of good practice. It is receiving good support from the authorities it has contacted and we expect to see a first draft in January, so we and Passenger Focus are making good, swift progress, which is rightly important to Members present.

The only other points that I want to pick up on are two of the issues to which the Chairman of the Committee referred—namely the bus service operator grant and the concessionary fares reimbursement formula. Contrary to the information that has just been provided by the hon. Member for Barrow and Furness, it is a fact that the Confederation of Passenger Transport UK, to which I spoke immediately after the spending review, told me

that, in general terms, it felt that the BSOG reduction, given the notice that we had given and the limited amount of reduction, was one that it could in general absorb without fares rising or services being cut. That is what the industry told me. I am happy to give the hon. Gentleman the exact quote if he wants. That is what it said.

John Woodcock: I am aware of the quote, but does the Minister accept that, while it is one thing to look at that in isolation, the situation is entirely different if we combine it with the two other substantial cuts faced by the industry, and that it is simply unrealistic to expect things to remain the same?

Norman Baker: There is an issue as to the extent to which other elements of what is happening in the wider market, including the price of fuel, what is happening in the world market, the eurozone or any other factors outside our control, affect the operation of bus services. The hon. Gentleman has referred specifically to the BSOG reduction and the industry has given me a specific response. That is what it said and we should stick with it.

On the concessionary fare reimbursement formula, we have not changed, in any shape or form, the legislation that we inherited from the previous Government. It requires councils and transport authorities to deal with operators in a way that reimburses them so that they are no worse off and no better off from handling concessionary fares. That is a legal requirement and it has not changed. All we have done is issue guidance to indicate to local authorities how they should perhaps discharge that function. They are under no obligation to follow that guidance if they do not wish to do so. The remedy for bus companies that are unhappy with that is to go to an independent appeal. Not very many of them have done so and not many appeals have been won. If bus companies are receiving less money from local authorities and are not seeking to appeal, or do not win appeals, that suggests that they were overpaid previously, contrary to the terms of the legislation. That is a simple analysis of the situation. If, on the other hand, they win their appeal, it shows that local authorities have not been sufficiently reimbursing them on a no better, no worse-off basis. The legislation has not changed at all. I think that, to some extent, the argument is something of a diversion.

I am very conscious of the importance of buses in our country. I do not underestimate the difficulties of local councils in particular, and I am concerned about the level of supported services in some parts of the country, as opposed to the commercial services, which I think are, by and large, all right. We need to see the picture across the country. One effect of localism is that some councils are handling this very well while others are handling it very badly. It is not for us to say that a local council must follow a particular procedure, but I think it is the right of people in those areas to ask why there are no buses in their council area while they are running very well indeed across the border. That is a legitimate function for local people to practise.

We have supplied a lot of help to the bus industry in the way I have described—through the green bus fund, the local sustainable transport fund and the money that the Chancellor has given this week—and I hope to make further helpful announcements in the not too distant future.

5.23 pm

Mrs Ellman: I thank Members for their constructive contributions, which I hope will help us to improve bus services. I also thank the members of my Committee, who today displayed the enthusiasm, commitment and knowledge that has helped to make this report effective. It will be even more effective if it changes the situation, as I hope it will. Buses matter and my Committee intends to continue to attach to them the importance that they deserve.

Question put and agreed to.

5.24 pm

Sitting adjourned.